

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE
FREEHOLD BOROUGH BOARD OF EDUCATION**

**280 Park Avenue
Freehold, New Jersey 07728**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared by

**James H. Strimple, Jr.
Interim School Business Administrator/Board Secretary
Freehold Borough Board of Education
Business Office**

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INTRODUCTORY SECTION



Borough of Freehold Public Schools

280 Park Avenue
Freehold, New Jersey 07728
(732) 761-2100 - FAX (732) 462-8954

Rocco G. Tomazic, Ed.D
Superintendent of Schools

James H. Strimple, Jr.
Interim School Business
Administrator/ Board Secretary

November 22, 2013

Honorable President and Members
of the Board of Education
Freehold Borough School District
County of Monmouth, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Freehold Borough School District (the "District") for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical tables and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical tables section includes selected information on financial trends, revenue capacity, debt capacity, demographic and economic information and operating information, generally presented on a multi-year basis. This District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1986, as amended, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with requirements of laws, regulation, contracts and grants and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Freehold Borough School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Freehold Borough Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2012-2013 fiscal year with an enrollment of 1,538 students. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012-2013	1,515.3	2.72%
2011-2012	1,475.2	4.88%
2010-2011	1,406.5	3.72%
2009-2010	1,356.1	2.67%
2008-2009	1,320.8	(1.55%)
2007-2008	1,341.6	(1.83%)
2006-2007	1,366.6	0.58%
2005-2006	1,358.7	0.30%
2004-2005	1,354.6	(0.69%)
2003-2004	1,364.0	0.90%

2. **ECONOMIC CONDITION AND OUTLOOK:** The Borough of Freehold continues to feel the impact of the economic slowdown. The total assessed valuation declined by \$4,481,900. The assessed valuation is used to determine the tax rate for residents. As this number decreases the tax rate increases. This reduction in the tax base increases the burden of funding municipal services on all residents. The mayor and council are involved in a number of initiatives to make the Borough more attractive to homeowners, as well as to new and relocating businesses.

3. **MAJOR INITIATIVES:** The Borough's schools continue to face significant capacity issues. Enrollment at both schools exceeds the functional capacity at both the Park Avenue Complex and at Freehold Learning Center. The enrollment at Park Avenue school is nearly 290 students over its functional capacity of 660 students, while the enrollment at Freehold Learning Center is 92 students over its functional capacity of 460 students. The Board of Education has instituted several short term solutions while it is also planning a long term solution. The Board has entered into an interlocal agreement with the Freehold Township Board of Education for the rental of four Kindergarten classrooms at the West Freehold School, plus the cost of transportation for the almost 100 students. Additionally, it has instituted a redistricting plan to equalize the enrollments at both locations.

Bell Schedules have been adjusted to create greater efficiency in the use of classrooms. Recognizing that the district needs a long term solution, the Board has conducted a demographic study which will be used to update is Long Range Facility Plan. The recently completed study predicts that in the 2017-2018 school year the district will house 1,659 children. This information will be used to educate the public and present a plan to add additional classrooms.

During the 2012-2013 school year the Board of Education continued to invest in its school buildings. Some of the facility projects included: replace cafetorium floor at FLC (\$157,000), replace the intrusion detection system at FLC (\$62,500), install generators at PAC (\$187,500), and miscellaneous ADA upgrades (\$12,500).

The school district has been vigilant in securing funds that the state has promised to pay and during the year the district received \$330,917 from the School Development Authority. Those funds will be used to reduce the amount of taxes that residents pay for debt service. In June of 2013 the Board of Education authorized an additional appropriation of up to \$400,000 to the Capital Reserve Fund to assist in financing capital projects which are part of its Long Range Facilities Plan.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds. These funds are explained in the "Notes to the Financial Statements", Note 1.

7. **DEBT ADMINISTRATION:** The District's total outstanding debt as of June 30, 2013 was \$4,135,000. The remaining annual maturity schedule as of June 30, 2013 for principal as well as annual interest payments are detailed in the "Notes to Financial Statements".

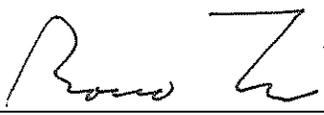
8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

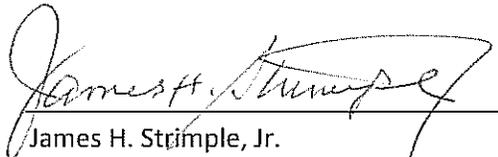
10. **OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Gerard Stankiewicz CPA, PSA of the accounting firm of Samuel Klein and Company, Certified Public Accountants, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Freehold Borough Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office.

Respectfully submitted,

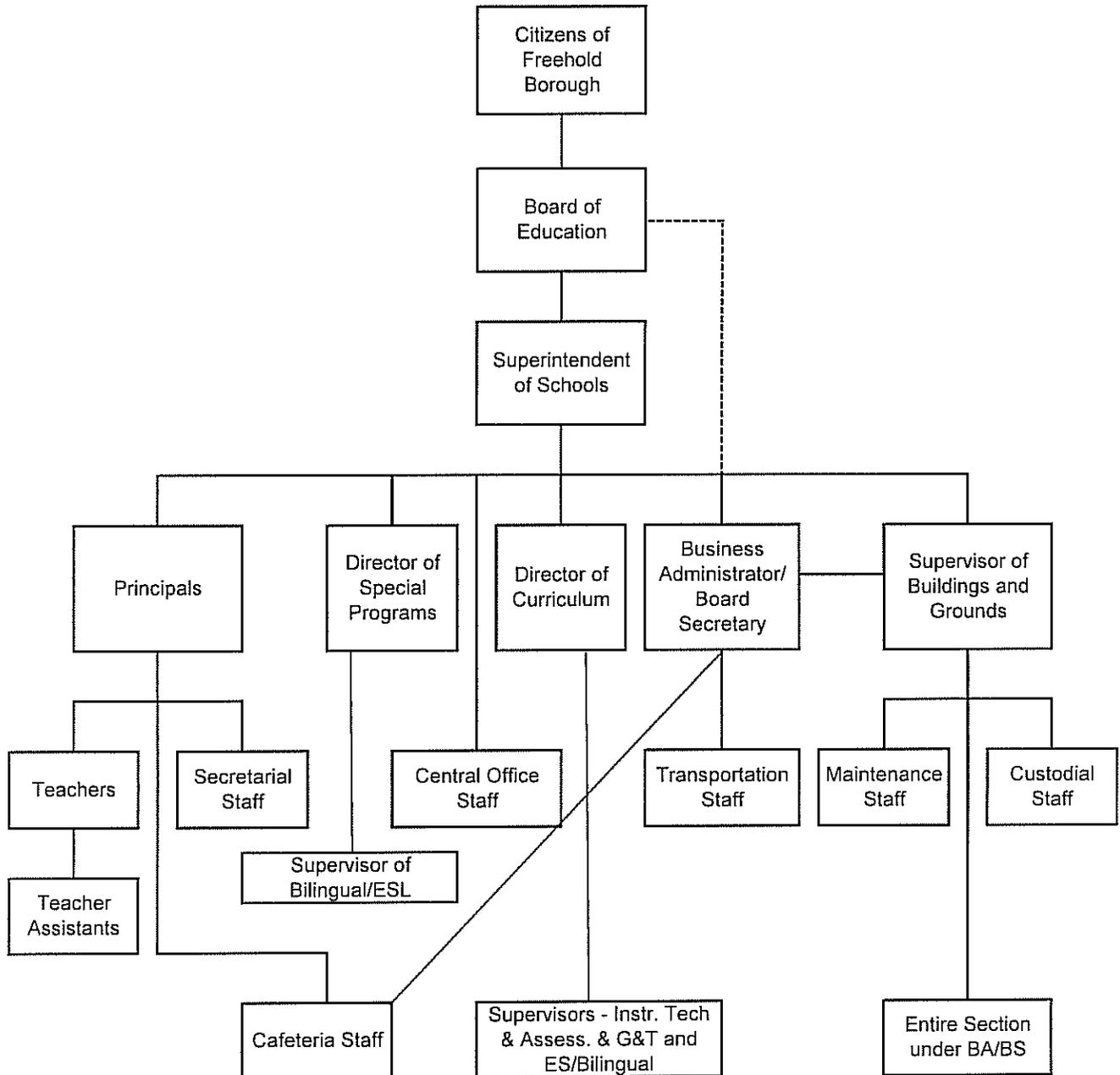


Rocco Tomazic, Ed. D.
Superintendent of Schools



James H. Strimple, Jr.
Interim School Business Administrator/
Board Secretary

FREEHOLD BOROUGH BOARD OF EDUCATION
TABLE OF ORGANIZATION



FREEHOLD BOROUGH BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2013

<u>Members of the Board of Education *</u>	<u>Term Expires</u>
Annette Jordan, President	2013
Dr. Michael Lichardi, Vice-President	2015
Susan Greitz	2013
James Keelan	2014
Maureen MacCutcheon	2015
Thomas Parke.....	2013
Bruce Patrick.....	2014
Michele Tennant	2013
Dan Xavier	2014

Other Officials

Rocco Tomazic, Ed. D. [*Effective April 4, 2013*]

Elizabeth O'Connell, Superintendent of Schools [*Through March 31, 2013*]

James H. Strimple, Jr., Interim Business Administrator [*Effective December 3, 2012*]

Patrick S. DeGeorge, CPA, School Business Administrator/Board Secretary
 [*Through November 21, 2012*]

Bruce Rodman, Treasurer of School Funds

* On January 23, 2012, as authorized under Public Law 2012 Chapter 202 (Senate Bill 3148), the District passed a resolution moving the annual school election for board members to November.

FREEHOLD BOROUGH BOARD OF EDUCATION
CONSULTANTS AND ADVISORS
JUNE 30, 2013

AUDIT FIRM

Gerard Stankiewicz, CPA, RMA, PSA of
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36 West Main Street
Suite 303
Freehold, NJ 07728

ARCHITECT

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ATTORNEY

Matthew Giacobbe, Esq.
Cleary Giacobbe Alfieri Jacobs, LLC
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Upper Level 105
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OFFICIAL DEPOSITORIES

Bank of America
1 West Main Street
Freehold, NJ 07728

BOND COUNSEL

McManimon & Scotland
One Riverfront Plaza
Newark, NJ 07102

FINANCIAL SECTION

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR
NEWARK, N.J. 07102-4543
PHONE (973) 624-6100
FAX (973) 624-6101

336 WEST MAIN STREET, SUITE 303
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PHONE (732) 780-2600
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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Freehold Borough Board of Education
County of Monmouth, New Jersey

Report on the Financial Statement

We have audited the accompanying financial statements of the governmental activities, the business type activities each major fund and the aggregate remaining fund information of the Board of Education of the Freehold Borough School District, County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2013 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities each major fund and the aggregate remaining fund information of the Board of Education of the Freehold Borough School District, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Freehold Borough School District's basic financial statements. The accompanying supplementary information, which consists of the combining and individual fund financial statements, noncurrent (long-term) debt schedules and schedules of expenditures of federal awards and state financial assistance, as required by the US. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

The supplementary information identified above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2013, on our consideration of the Board of Education of the Freehold Borough School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Freehold Borough School District internal control over financial reporting compliance.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
November 22, 2013

REQUIRED SUPPLEMENTARY INFORMATION – PART I



Borough of Freehold Public Schools

280 Park Avenue
Freehold, New Jersey 07728
(732) 761-2100 - FAX (732) 462-8954

Rocco G. Tomazic, Ed.D
Superintendent of Schools

James H. Strimple, Jr.
Interim School Business
Administrator/ Board Secretary

November 22, 2013

Honorable President and Members
of the Board of Education
Freehold Borough School District
County of Monmouth, New Jersey

Dear Board Members:

Management's Discussion And Analysis

The following analysis of Freehold Borough Board of Education's financial performance provides a summary of the district's financial integrity. The intent of the analysis is to provide an interpretation of the financial statements. As you know, school districts operate as a non-profit organization. Yet, GASB 34 is instrumental in providing outside entities the opportunity to measure for profit operations. Hence, financial information that is analyzed utilizing GASB 34 for non-profit entities is, in our opinion, irrelevant and misleading. School districts are required to account for asset depreciation even though the need to match revenues with purchased assets are not necessary since all similar purchases are budgeted for in capital outlay and expensed in the operating year.

Fund Financial Statements

School Districts utilize two categories for reporting assets. The first category identified as Governmental Funds records the most activity. Governmental Funds reflects activity within the following sub-groups:

General Fund (Fund 10)

Fund 11 Distributed and Undistributed Instructional Accounts – Asset Producing
Fund 12 Capital Outlay – Asset Producing

Special Revenue (Fund 20)

Fund 20 Grants and Entitlements – Asset Producing

Capital Projects (Fund 30)

Fund 30 Capital Projects/Construction in progress – Asset Producing

Debt Service (Fund 40)

Fund 40 Debt Service payments for Bonds and Interest – Non Asset Producing

The second category identified as Business Type Activities, records assets purchased for the following sub-group:

Enterprise (Fund 60)

Fund 60 Enterprise/Food Service – Asset Producing

Financial Highlights

Key financial highlights for 2013 are as follows:

In total, net position totaled \$5,977,737 which represents a \$821,983 or 15.94% decrease from 2012.

General revenues accounted for \$20,762,133 in revenue or 86.63% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,204,005 or 13.37% of total revenues of \$23,966,128.

Total assets of governmental activities, exclusive of the Capital Projects Fund, decreased by \$144,768 as cash and cash equivalents decreased by \$120,341, receivables increased by \$21,091 and current liabilities decreased by \$42,809.

The District had \$23,157,582 in expenses; only \$3,203,995 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and federal and state aid) of \$11,502,743 were adequate to provide for these programs.

Among major funds, the General Fund had \$19,792,775 in revenues and \$19,972,058 in expenditures. The General Fund's fund balance decreased \$113,807 over 2012. The General Fund's fund balance is \$1,822,596. The decrease was caused by higher than anticipated expenditure levels.

The Special Revenue Fund had \$2,519,706 in revenue and \$2,507,818 in expenditures.

Using this Comprehensive Annual Financial Report (CAFR)

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Borough of Freehold School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provides information about the activities of the District, presenting both an aggregate view of the District's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the Borough of Freehold School District, the General Fund is by far the most significant.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

This document contains all funds used by the District to provide programs and activities, viewing the District as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially During Fiscal Year 2013". The Statement of Net Position and the Statement of activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and change in those positions. This change in net position is important because they report on whether the District's financial position has improved or diminished.

In the Statement of Net Position and the Statement of Activities, the District is divided into two kinds of activities:

Governmental Activities — All of the District's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-Type Activities — This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the District's Most Significant Funds

Fund Financial Statement

The Analysis of the District's major funds begins on page 21. Fund financial reports provide detailed information about the District's major funds. The District's major governmental funds are the General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of the funds and balances left at year-end available for spending in the future years. These funds are reported using a modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities.

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 provides a comparative summary of the School District's net position for 2013 and 2012.

Table 1 – Comparative Summary of Net Position

	<u>2013</u>	<u>2012</u> <u>(As Adjusted)</u>
Assets		
Current and Other Assets	\$ 2,695,237	\$ 2,721,594
Capital Assets, Net	<u>8,414,122</u>	<u>8,129,983</u>
Total Assets	<u>\$ 11,109,359</u>	<u>\$ 10,851,577</u>
Liabilities		
Other Liabilities	\$ 319,463	\$ 306,098
Noncurrent Liabilities	<u>4,812,159</u>	<u>5,389,724</u>
Total Liabilities	<u>\$ 5,131,623</u>	<u>\$ 5,695,822</u>
Net Position		
Invested in Capital Assets	\$ 4,069,285	\$ 3,239,878
Restricted	880,249	1,740,095
Unrestricted	<u>1,028,203</u>	<u>175,782</u>
Total Net Position	<u>\$ 5,977,736</u>	<u>\$ 5,155,755</u>

The District's combined net position were \$5,977,736 on June 30, 2013, representing an increase of \$821,981, or 15.94% from the previous year.

Table 2 shows the comparative change in net position from fiscal year 2013 and 2012.

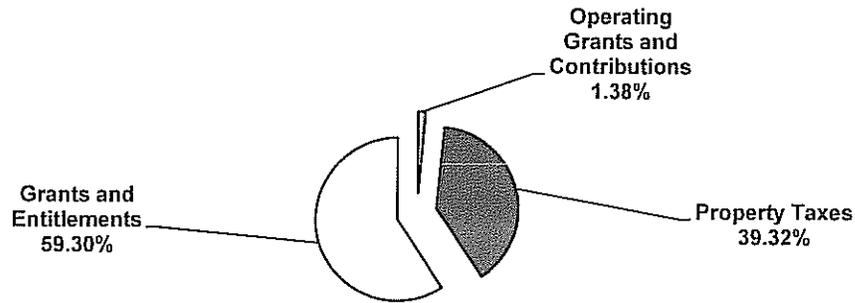
Table 2 – Comparative Change in Net Position

	2013	2012	Total Change	
			Amount	Percent
Revenues:				
Program Revenues:				
Charges for Services	\$ 142,253	\$ 155,093	\$ (12,840)	-8.28%
Operating Grants and Contributions	3,061,742	3,388,187	(326,445)	-9.63%
General Revenues:				
Property Taxes	9,102,274	8,905,954	196,320	2.20%
Grants and Entitlements - Operating	11,502,743	10,586,138	916,605	8.66%
Other	157,116	159,791	(2,675)	-1.67%
Total Revenues	\$ 23,966,128	\$ 23,195,163	\$ 770,965	3.32%
Program Expense:				
Instruction	\$ 12,687,450	\$ 12,070,375	\$ 617,075	5.11%
Support Services:				
Tuition	920,169	814,041	106,128	13.04%
Pupils and Instructional Staff	3,527,885	3,392,310	135,575	4.00%
School Administration	1,023,196	857,476	165,720	19.33%
Other Administration	1,622,290	1,605,784	16,506	1.03%
Operations and Maintenance of Facilities	1,668,166	1,764,088	(95,922)	-5.44%
Pupil Transportation	765,072	537,046	228,026	42.46%
Interest on Noncurrent Debt	177,739	170,078	7,661	4.50%
Food Service	765,615	782,883	(17,268)	-2.21%
Total Expense	\$ 23,157,582	\$ 21,994,081	\$ 1,163,501	5.29%
(Decrease)/Increase before Transfers and Special Items	\$ 808,546	\$ 1,201,082		
Less: Transfers and Special Items	13,437	(330,404)		
Increase in Net Position	\$ 821,983	\$ 870,678		
Beginning Net Position	5,155,754	4,285,076		
Ending Net Position	\$ 5,977,737	\$ 5,155,754		

Governmental Activities

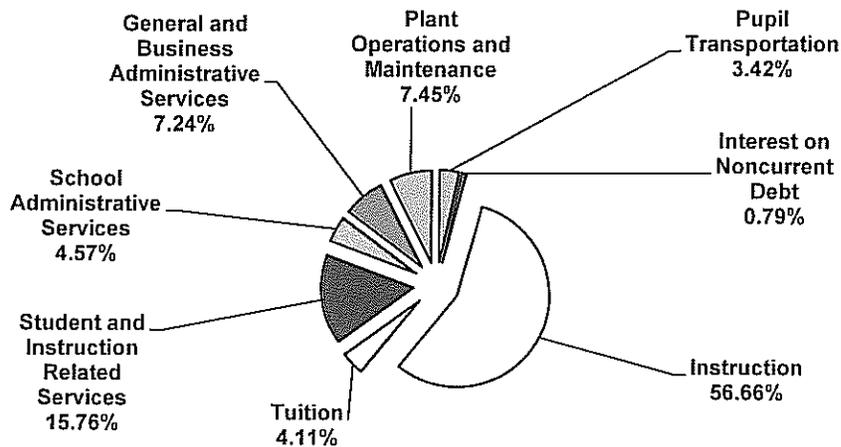
Revenue for Fiscal Year 2013

Total revenues of the Governmental Activities were \$23,149,513. Property taxes as approved made up \$9,102,274 or 39.32% of revenues for governmental activities for the fiscal year 2013. Federal, state and local grants and entitlements and contributions accounted for another \$13,735,414 or 59.32%.



Expenses for Fiscal Year 2013

The total cost of all programs and services was \$22,391,967. Instruction comprises \$12,687,450 or 56.66% of the District's expenses other than capital expenditures.



Expenditures for out-of-district placement of classified students equal about 4.11% of the operating budget. Instructional expenses equal 56.66% of the operating budget. Instructional expenses include teachers' salaries, supplies and textbooks.

Student Support Services include health, social work, child study team and guidance support.

Maintenance and Operations are expenses mandated by the State Department of Education to maintain all building systems. Costs for the maintenance and custodial departments are also included here.

Transportation costs include Special Education.

General and Business Administrative Services is expenditures associated with the business and financial aspect of the district. Expenditures include payroll, transportation, accounting, accounts payable, benefits processing, technology and personnel departments.

School Administrative Services relates to principals and oversight of the various school buildings.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3 – Comparative Statement of Activities

	Total Cost of Services			Net Cost of Services		
	2012-2013	2011-2012	% Change	2012-2013	2011-2012	% Change
Instruction	\$ 12,687,450	\$ 12,070,375	5.11%	\$ 11,101,537	\$ 9,866,808	12.51%
Support Services:						
Tuition	920,169	814,041	13.04%	920,169	814,041	13.04%
Pupils and Instructional Staff	3,527,885	3,392,310	4.00%	2,881,126	3,001,771	-4.02%
School Administration	1,023,196	857,476	19.33%	1,023,196	857,476	19.33%
Other Administration	1,622,290	1,605,784	1.03%	1,622,290	1,605,784	1.03%
Operation and Maintenance of Facilities	1,668,166	1,764,088	-5.44%	1,668,166	1,764,088	-5.44%
Pupil Transportation	765,072	537,046	42.46%	765,072	537,046	42.46%
Debt Service	177,739	170,078	4.50%	36,467	37,344	-2.35%
Total Expenses	\$ <u>22,391,967</u>	\$ <u>21,211,198</u>	<u>5.57%</u>	\$ <u>20,018,024</u>	\$ <u>18,484,358</u>	<u>8.30%</u>

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

Food service revenues exceeded expenses by \$64,436. Charges for services represent \$142,253 of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals, including payments for free and reduced lunches was \$687,799.

The District's Funds

Information about the District's major funds starts on page 21. These funds are accounted of using the modified accrual basis of accounting. All governmental funds exclusive of capital projects had total revenues of \$23,121,681 and expenditures of \$23,223,600. The net positive change in overall fund balance for the year was most significant in the General Fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds exclusive of the capital projects fund for the fiscal years ended June 30, 2013 and June 30, 2012, and the amount and percentage of total and increases/decreases in relation to prior year revenues.

<u>Revenue</u>	<u>2012-2013</u>		<u>2011-2012</u>		Increase/ (Decrease) from 2011-2012 to 2012-2013
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Local Sources	\$ 9,259,363	40.05%	\$ 9,082,676	40.59%	\$ 176,687
State Sources	11,571,783	50.05%	10,748,331	48.03%	823,452
Federal Sources	<u>2,290,535</u>	<u>9.90%</u>	<u>2,547,718</u>	<u>11.38%</u>	<u>(257,183)</u>
Total	\$ <u>23,121,681</u>	<u>100.00%</u>	\$ <u>22,378,725</u>	<u>100.00%</u>	\$ <u>742,956</u>

The increase in Local Sources is primarily attributed to an increase in the local tax levy. The increase in State Sources is attributed to an increase of the TPAF on-behalf pension contributions and offset with Educational Jobs funding grant and increases in other state aid. However, the decrease in Federal Source is attributed to a decrease in the Title I and IDEA Grant.

The following schedule presents a summary of general fund expenditures for the fiscal years ended June 30, 2013 and June 30, 2012 and the amount and percent of the total and increase/(decrease) in relation to prior year expenditures, exclusive of the Capital Project Fund.

<u>Expenditures</u>	<u>2012-2013</u>		<u>2011-2012</u>		Increase from 2011-2012 to 2012-2013
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Current Expense:					
Instruction	\$ 9,058,551	39.01%	\$ 8,794,607	41.24%	\$ 263,944
Undistributed					
Expenditures	12,676,786	54.59%	11,700,564	54.87%	976,222
Capital Outlay	679,063	2.92%	70,076	0.33%	608,987
Debt Service	<u>809,200</u>	<u>3.48%</u>	<u>759,238</u>	<u>3.56%</u>	<u>49,962</u>
Total	\$ <u>23,223,600</u>	<u>100.00%</u>	\$ <u>21,324,485</u>	<u>100.00%</u>	\$ <u>1,899,115</u>

The increase in Current Expense – Instruction is attributed to increased costs of salaries of teachers and the increased cost of other instructional programs.

The increase in Undistributed Expenses relates to administrative and higher benefits costs.

Debt Service relates to the principal and interest payments on the 1996, 2001 and 2011 Bonds, all of which were for building improvements and renovations.

General Fund Budgeting Highlights

The Freehold Borough School District's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The district uses four major funds: the General Fund, where the district records its budget for day to day operation; the Special Revenue Fund, where the district records budgeted monies from the State and Federal Governments; the Debt Service Fund, where they record expenses for noncurrent debt and interest payments; and its Proprietary Fund where the district records its operational expenses for its food service program. The most significant budgeted fund and the fund that attracts the most attention is the General Fund.

During the course of the fiscal year 2013, the District amended its General Fund budget as needed. These transfers are approved by the Board of Education and the Executive County Superintendent of Schools. Transfers that occurred during the year were necessitated by:

- Staffing changes based on student needs
- Mid-year salary adjustments as previously agreed upon
- Additional Special Education Students
- Changes in appropriations to prevent budget overruns

In creating its budget the District uses program based budgeting as defined by the State's Chart of Accounts. The budgeting program and purchase order encumbrance system are designed to control budgets and insure fiscal integrity in the district's fiscal program.

The District's final budget for the General Fund anticipated that revenues and expenditures would equal.

Table 4 - Capital Assets (Net of Depreciation) at June 30

	<u>2013</u>	<u>2012</u>
Land	\$ 110,050	\$ 110,050
Site Improvements	181,697	208,544
Buildings and Improvements	7,709,205	7,407,468
Machinery and Equipment	351,402	343,203
Construction in Progress		22,793
Infrastructure	<u>16,112</u>	
Totals	<u>\$ 8,368,466</u>	<u>\$ 8,092,058</u>

Overall capital assets increased \$276,408 from fiscal year 2012 to fiscal year 2013. Capital asset additions exceeded depreciation thereby causing the increase.

Debt Administration

At June 30, 2013, the School District had \$4,812,159 of outstanding debt. Of this amount \$584,152 is for compensated absences; \$93,007 is for various capital leases and \$4,135,000 of serial bonds for school improvements.

For the Future

Although the district's amount of state aid for the 2013-2014 school year increased by approximately \$400,000 the local tax levy also increased by nearly \$400,000. The burden of funding a growing school district continues to rest with the local taxpayers. The Board of Education has been fiscally prudent in its allocation of resources and has not taxed the local residents to the full amount that it is permitted to levy taxes. This puts increasing stress on the ability of the district to fund a growing student population and implement newly mandated evaluation programs and testing programs. There is a high probability of tax increases on the average homeowner over the next five years if the state does not address its failure to fund the current formula or implement a more equitable formula that addresses the changes in demographics and student need.

The District also needs to develop a long term facility plan to accommodate the growth in its student body. Additional classrooms and core facilities will have to be considered to meet the current growth and anticipated growth of the number of students attending the Borough's schools.

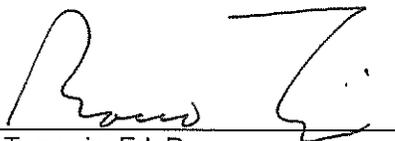
The district's fund balance remains at the statutory 2% level and it has been able to fund capital projects through the use of Capital Reserve Funds.

The district has exercised its option under State Law to move the annual election of board members from April to the General Election in November. The movement of the election has enabled the district to save the cost of holding the April Election which amount to nearly \$5,000. In addition, since the district has kept the annual increase below the maximum permitted the vote on the annual district budget is not held.

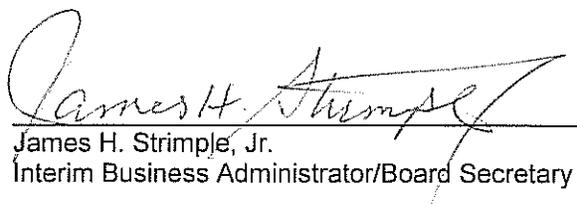
Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Freehold Borough Board of Education, 280 Park Avenue, Freehold, NJ 07728.

Respectfully submitted,



Rocco Tomazic, Ed. D.
Superintendent of Schools



James H. Strimple, Jr.
Interim Business Administrator/Board Secretary

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,055,924.62	\$ 188,992.52	\$ 1,244,917.14
Receivables - Net	500,601.37	54,831.65	555,433.02
Inventory		13,705.19	13,705.19
Security Deposit		932.74	932.74
Restricted Cash and Cash Equivalents:			
Capital Reserve Account	880,248.84		880,248.84
Capital Assets, Net	<u>8,368,466.00</u>	<u>45,656.10</u>	<u>8,414,122.10</u>
Total Assets	<u>\$ 10,805,240.83</u>	<u>\$ 304,118.20</u>	<u>\$ 11,109,359.03</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 122,840.86	\$ 25,974.94	\$ 148,815.80
Intergovernmental Accounts Payable	10,916.97		10,916.97
Unearned Revenue	124,910.19		124,910.19
Accrued Interest on Bonds Payable	34,820.31		34,820.31
Noncurrent Liabilities:			
Due Within One Year	798,431.12		798,431.12
Due Beyond One Year	<u>4,013,728.21</u>		<u>4,013,728.21</u>
Total Liabilities	<u>\$ 5,105,647.66</u>	<u>\$ 25,974.94</u>	<u>\$ 5,131,622.60</u>
<u>NET POSITION</u>			
Invested in Capital Assets - Net of Related Debt	\$ 4,023,628.69	\$ 45,656.10	\$ 4,069,284.79
Restricted for:			
Capital Projects	880,248.84		880,248.84
Unrestricted	<u>795,715.64</u>	<u>232,487.16</u>	<u>1,028,202.80</u>
Total Net Position	<u>\$ 5,699,593.17</u>	<u>\$ 278,143.26</u>	<u>\$ 5,977,736.43</u>

See accompanying notes to financial statements.

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 8,840,597.53		\$ 1,565,912.82	\$ (7,254,684.71)		\$ (7,254,684.71)
Special Education	2,660,172.78			(2,660,172.78)		(2,660,172.78)
Other Special Instruction	1,056,889.78			(1,056,889.78)		(1,056,889.78)
Other Instruction	129,789.94			(129,789.94)		(129,789.94)
Support Services:						
Tuition	920,168.58			(920,168.58)		(920,168.58)
Student and Instruction Related Services	3,527,884.58		646,758.33	(2,881,126.25)		(2,881,126.25)
School Administrative Services	1,023,196.25			(1,023,196.25)		(1,023,196.25)
Other Administrative Services	1,622,289.74			(1,622,289.74)		(1,622,289.74)
Plant Operations and Maintenance	1,668,166.24			(1,668,166.24)		(1,668,166.24)
Pupil Transportation	765,072.47			(765,072.47)		(765,072.47)
Interest on noncurrent debt	177,739.32		141,272.00	(36,467.32)		(36,467.32)
Total Governmental Activities	\$ 22,391,967.21		\$ 2,373,943.15	\$ (20,018,024.06)		\$ (20,018,024.06)
Business-Type Activities:						
Food Service	\$ 765,614.75	\$ 142,252.91	\$ 687,798.48		\$ 64,436.64	\$ 64,436.64
Total Business - Type Activities	\$ 765,614.75	\$ 142,252.91	\$ 687,798.48		\$ 64,436.64	\$ 64,436.64
Total Primary Government	\$ 23,157,581.96	\$ 142,252.91	\$ 3,061,741.63	\$ (20,018,024.06)	\$ 64,436.64	\$ (19,953,587.42)
General Revenues						
Taxes:						
General Purposes				\$ 8,434,346.00		\$ 8,434,346.00
Debt Service				667,928.00		667,928.00
Federal and State Aid not Restricted				11,502,742.59		11,502,742.59
Miscellaneous Income				157,116.22		157,116.22
Special and Extraordinary Revenue/(Expense)				13,436.66		13,436.66
Total				\$ 20,775,569.47		\$ 20,775,569.47
Change in Net Assets				\$ 757,545.41	\$ 64,436.64	\$ 821,982.05
Net Position - Beginning				\$ 4,942,047.76	\$ 213,706.72	\$ 5,155,754.48
Net Position - Ending				\$ 5,699,593.17	\$ 278,143.36	\$ 5,977,736.53

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 817,858.09		\$ 359,628.62	\$ 10,480.59	\$ 1,187,967.30
Intergovernmental Accounts Receivable	208,352.00	\$ 292,248.37			500,600.37
Interfund Receivable				26.89	26.89
Tax Levy Receivable	1.00				1.00
Capital Reserve Account	<u>880,248.84</u>				<u>880,248.84</u>
Total Assets	<u>\$ 1,906,459.93</u>	<u>\$ 292,248.37</u>	<u>\$ 359,628.62</u>	<u>\$ 10,507.48</u>	<u>\$ 2,568,844.40</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Cash and Cash Equivalents - Overdraft		\$ 132,042.68			\$ 132,042.68
Accounts Payable	\$ 29,369.69	93,471.17			122,840.86
Interfund Payable			\$ 26.89		26.89
Intergovernmental Accounts Payable - Federal		674.90			674.90
State		10,242.07			10,242.07
Unearned Revenue	<u>54,494.64</u>	<u>70,415.55</u>			<u>124,910.19</u>
Total Liabilities	<u>\$ 83,864.33</u>	<u>\$ 306,846.37</u>	<u>\$ 26.89</u>		<u>\$ 390,737.59</u>
Fund Balances:					
Reserved for -					
Committed for Yearend Encumbrances	\$ 34,987.95				\$ 34,987.95
Restricted:					
Capital Reserve Account	880,248.84				880,248.84
Maintenance Reserve	490,673.90				490,673.90
Assigned - Excess Surplus - Designated for Subsequent Year's Expenditures	416,684.91				416,684.91
Assigned - Designated for Subsequent Year's Expenditures			\$ 89,898.00	\$ 10,486.00	100,384.00
Unassigned, Reported in:					
Special Revenue Fund (Deficit)		\$ (14,598.00)			(14,598.00)
Debt Service Fund				21.48	21.48
Capital Projects Fund			<u>269,703.73</u>		<u>269,703.73</u>
Total Fund Balances	<u>\$ 1,822,595.60</u>	<u>\$ (14,598.00)</u>	<u>\$ 359,601.73</u>	<u>\$ 10,507.48</u>	<u>\$ 2,178,106.81</u>
Total Liabilities and Fund Balance	<u>\$ 1,906,459.93</u>	<u>\$ 292,248.37</u>	<u>\$ 359,628.62</u>	<u>\$ 10,507.48</u>	<u>\$ 2,568,844.40</u>

Total Fund Balance above \$ 2,178,106.81

Amounts reported for *governmental activities* in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$17,170,426 and the accumulated depreciation is \$8,801,960. (see Note 7) 8,368,466.00

Noncurrent liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds (see Note 8). (4,812,159.33)

Certain liabilities are not due and payable in the current period, and therefore, are not reported in funds:

Accrued Interest Payable

(Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net position balance.) (34,820.31)

Net position of governmental activities (A-1) \$ 5,699,593.17

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Government Funds</u>
Revenues					
Local sources:					
Local tax levy	\$ 8,434,346.00			\$ 667,928.00	\$ 9,102,274.00
Interest income			\$ 26.89		26.89
Miscellaneous	<u>142,721.22</u>	<u>\$ 14,368.11</u>			<u>157,089.33</u>
Total - Local Sources	\$ 8,577,067.22	\$ 14,368.11	\$ 26.89	\$ 667,928.00	\$ 9,259,390.22
State Sources	\$ 11,140,204.42	\$ 290,306.37		\$ 141,272.00	11,571,782.79
Federal Sources	<u>75,503.02</u>	<u>2,215,031.82</u>			<u>2,290,534.84</u>
Total Revenues	<u>\$ 19,792,774.66</u>	<u>\$ 2,519,706.30</u>	<u>\$ 26.89</u>	<u>\$ 809,200.00</u>	<u>\$ 23,121,707.85</u>
Expenditures					
Current:					
Regular Instruction	\$ 4,829,601.65	\$ 1,585,912.82			\$ 6,415,514.47
Special Education Instruction	1,827,625.38				1,827,625.38
Other Special Instruction	726,233.03				726,233.03
Other Instruction	89,177.62				89,177.62
Support Services and Undistributed Costs:					
Tuition	920,168.58				920,168.58
Student and Instruction Related Services	1,922,098.95	646,758.33			2,568,857.28
School Administrative Services	707,602.12				707,602.12
Other Administrative Services	1,121,689.40				1,121,689.40
Plant Operations and Maintenance	1,150,507.50				1,150,507.50
Pupil Transportation	527,658.21				527,658.21
Unallocated Benefits	5,407,949.46	272,353.65			5,680,303.11
Debt Service:					
Principal				\$ 630,000.00	630,000.00
Interest				179,200.00	179,200.00
Capital Outlay	<u>741,746.34</u>	<u>2,793.00</u>			<u>744,539.34</u>
Total Expenditures	<u>\$ 19,972,058.24</u>	<u>\$ 2,507,817.80</u>		<u>\$ 809,200.00</u>	<u>\$ 23,289,076.04</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ (179,283.58)</u>	<u>\$ 11,888.50</u>	<u>\$ 26.89</u>		<u>\$ (167,368.19)</u>
Other Financing Sources/(Uses):					
Transfers In/(Out)			\$ (26.89)	\$ 21.16	(5.73)
Capital Leases (Nonbudgeted)	<u>\$ 65,476.84</u>				<u>65,476.84</u>
Total Other Financing Sources/(Uses)	<u>\$ 65,476.84</u>		<u>\$ (26.89)</u>	<u>\$ 21.16</u>	<u>\$ 65,471.11</u>
Net Change in Fund Balances	\$ (113,806.74)	\$ 11,888.50		\$ 21.16	\$ (101,897.08)
Fund Balance/(Deficit) July 1	<u>1,936,402.34</u>	<u>(26,456.50)</u>	<u>\$ 359,601.73</u>	<u>10,486.32</u>	<u>2,280,033.89</u>
Fund Balance/(Deficit) June 30	<u>\$ 1,822,595.60</u>	<u>\$ (14,568.00)</u>	<u>\$ 359,601.73</u>	<u>\$ 10,507.48</u>	<u>\$ 2,178,136.81</u>

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total Net Change in Fund Balances - Governmental Funds \$ (101,897.08)

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciated expense. This is the amount by which capital outlays exceeded depreciation in the period.

Capital Outlay	\$ 744,540.34	
Depreciation expense	(447,273.00)	
Donated Assets	<u>13,434.66</u>	310,702.00

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position and is not reported in the statement of activities. 630,000.00

Repayment of lease principal is an expenditure in the governmental funds, but the payment reduces noncurrent debt in the statement of net position is not reported in the statement of activities.

In the statement of activities, interest on noncurrent debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an item in the reconciliation. (5,500.00)

In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. (18,727.57)

Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (57,031.94)

Change in Net Position of Governmental Activities \$ 757,545.41

PROPRIETARY FUNDS

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2013

	Business-Type Activities - Enterprise Fund
	Food Service <u>Total Enterprise</u>
<u>ASSETS</u>	
Current assets:	
Cash and Cash Equivalents	\$ 188,992.52
Accounts Receivable:	
State	860.72
Federal	53,970.93
Inventory	13,705.19
Security Deposit	<u>932.74</u>
Total Current Assets	\$ <u>258,462.10</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	\$ 194,432.27
Less: Accumulated Depreciation	<u>148,776.17</u>
Total Noncurrent Assets	\$ <u>45,656.10</u>
Total Assets	\$ <u><u>304,118.20</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ <u>25,974.94</u>
Total Liabilities	\$ <u><u>25,974.94</u></u>
<u>NET POSITION</u>	
Invested in Capital Assets	\$ 45,656.10
Unrestricted	<u>232,487.16</u>
Total Net Position	\$ <u><u>278,143.26</u></u>

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGE IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business Type Activities - Enterprise Fund
	<u>Food Service</u> <u>Total Enterprise</u>
Operating Revenues:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 136,532.41
Miscellaneous	5,720.50
	\$ 142,252.91
Total Operating Revenues	
Operating Expenses:	
Cost of Sales	\$ 354,830.49
Salaries	239,788.27
Employee Benefit	60,380.21
Other Purchased Professional Services	14,600.58
General Supplies	28,534.91
Insurance	22,411.27
Management Fee	37,455.36
Depreciation	7,613.66
	\$ 765,614.75
Total Operating Expenses	
Operating Income/(Loss)	\$ (623,361.84)
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	\$ 9,898.12
Federal Sources:	
National School Lunch Program	481,333.94
School Breakfast Program	120,406.85
After School Snack Program	31,765.50
Food Distribution Program	44,394.07
	\$ 687,798.48
Total Nonoperating Revenues	
Income/(Loss) before Contributions and Transfers	\$ 64,436.64
Change in Net Position	\$ 64,436.64
Total Net Position - Beginning	213,706.72
Total Net Position - Ending	\$ 278,143.36

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business Type Activities Enterprise Funds
	<u>Food Service</u> <u>Total Enterprise</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 142,252.91
Payments to Employees	(239,788.27)
Payments for Employee Benefits	(60,380.21)
Payments to Suppliers	(353,591.14)
Payments for Management Fee	<u>(37,455.36)</u>
Net Cash Provided by/(Used for) Operating Activities	\$ <u>(548,962.07)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State Sources	\$ 9,561.92
Federal Sources	<u>625,583.46</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	\$ <u>635,145.38</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Purchases of Capital Assets	\$ <u>(15,345.00)</u>
Net Cash Used for Capital and Related Financing Activities	\$ <u>(15,345.00)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 70,838.31
Balances - Beginning of Year	<u>118,154.21</u>
Balances - End of Year	\$ <u><u>188,992.52</u></u>
<u>Reconciliation of Operating Income/(Loss) to Net Cash</u> <u>Provided/(Used) by Operating Activities</u>	
Operating Gain/(Loss)	\$ <u>(623,361.84)</u>
Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities:	
Depreciation	\$ 7,613.66
Federal Commodities	44,394.07
Change in Assets and Liabilities:	
Decrease in Inventory	6,155.06
Increase in Accounts Payable	<u>16,236.98</u>
Total Adjustments	\$ <u>74,399.77</u>
Net Cash Provided/(Used) by Operating Activities	\$ <u><u>(548,962.07)</u></u>

FIDUCIARY FUNDS

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	<u>Trust</u>		<u>Agency Fund</u>	
	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>	<u>Student Activity</u>	<u>Payroll</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ <u>390,719.05</u>	\$ <u>1,033.21</u>	\$ <u>22,641.31</u>	\$ <u>3,496.53</u>
Total Assets	\$ <u><u>390,719.05</u></u>	\$ <u><u>1,033.21</u></u>	\$ <u><u>22,641.31</u></u>	\$ <u><u>3,496.53</u></u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 13,985.00			
Payable to Student Groups			\$ 22,641.31	
Payroll Deductions and Withholdings				\$ <u>3,496.53</u>
Total Liabilities	\$ <u><u>13,985.00</u></u>		\$ <u><u>22,641.31</u></u>	\$ <u><u>3,496.53</u></u>
<u>NET POSITION</u>				
Held in Trust for Unemployment Claims and Other Purposes	\$ 376,734.05			
Reserved for Scholarships		\$ <u>1,033.21</u>		
Total Net Position	\$ <u><u>376,734.05</u></u>	\$ <u><u>1,033.21</u></u>		

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
COMBINING STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Trust	
	Unemployment Compensation Trust Fund	Private Purpose Scholarship Fund
<u>Additions</u>		
Contributions:		
Plan Members	\$ 38,296.96	
District	30,000.00	
Total Additions	\$ 68,296.96	
<u>Deductions</u>		
Quarterly Contribution Reports	\$ 11,103.48	
Unemployment Claims	57,618.01	
Total Deductions	\$ 68,721.49	
Change in Net Position	\$ (424.53)	
Total Net Position - Beginning of the Year	\$ 377,158.58	\$ 1,033.21
Total Net Position - End of the Year	\$ 376,734.05	\$ 1,033.21

NOTES TO THE FINANCIAL STATEMENTS

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Borough of Freehold School District (the "District") is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine (9) members elected to three-year staggered terms. The purpose of the District is to educate students in grades K-8. The District had an approximate enrollment at June 30, 2013 of 1,538 of students.

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below.

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements (Continued)

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

1. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment that are classified in the Capital Outlay subfund.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs. This fund is not applicable in this fiscal year.

2. Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the District:

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

2. Proprietary Fund Type (Continued)

Enterprise Fund – The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their statement of net position. Their reported fund equity (net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

3. Fiduciary Funds

Trust and Agency Funds – The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund – An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund.

Agency Funds – Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

4. Noncurrent Debt

Noncurrent liabilities expected to be financed from governmental funds are accounted for in the General Noncurrent Debt, not in the governmental funds. This includes the outstanding principal balance on capital leases.

C. Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement of Net Position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Fund equity (i.e., net position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general noncurrent debt which are recorded when due.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the winter of each year for the general, special revenue and debt service funds. The budgets are voted on by the District, submitted to the County office for approval and if determined to be within the allowable tax levy cap and within the allowable appropriation cap, become effective upon the holding of a public hearing and final adoption by the District. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C. 6A:23A-2.3 (et seq.). The Board of Education made a material supplemental budgetary appropriation of fund balance during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control (Continued)

The following presents a reconciliation of the general fund revenue and special revenue fund revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules.	\$ 19,839,529.66	\$ 2,506,109.29
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2012	None	13,000.40
June 30, 2013	None	(11,291.89)
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	868,618.00	26,456.50
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(915,373.00)</u>	<u>(14,568.00)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 19,792,774.66</u>	<u>\$ 2,519,706.30</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 19,906,581.40	\$ 2,506,109.29
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year supplies are received for financial reporting purposes.		
June 30, 2012	None	13,000.40
June 30, 2013	<u>None</u>	<u>(11,291.89)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 19,906,581.40</u>	<u>\$ 2,507,817.80</u>

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

2. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

3. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

4. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

5. Tuition Payable

Tuition charges for the fiscal years 2011-2012 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

6. Current Interfund Receivables/Payables

Current interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

7. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

7. Capital Assets (Continued)

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method under the half year convention over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>
School Buildings	40 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Vehicles	8 years
Office and Computer Equipment	5-10 years
Instructional Equipment	10 years
Grounds Equipment	15 years
Food Service Equipment	7-20 years

8. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

9. Accrued Liabilities and Noncurrent Obligations

All payables, accrued liabilities and noncurrent obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

10. Net Position

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net position to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements. Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

11. Unearned Revenue

Unearned revenue in all funds represent program revenues that have been received but not yet earned.

12. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

1. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
5. Unassigned – includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a position unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

14. Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund, (the Food Service) are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

15. Non-Monetary Transactions

Commodities received under the Federal Food Distribution Program are received by the district and are recorded as nonoperating revenue when received in the food service enterprise fund at market value. The use of the commodities is included in cost of sales.

16. Allocation of Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

17. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and post-retirement medical pension contributions for the certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

18. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

19. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2013 through November 22, 2013, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit that have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

As of June 30, 2013, cash and cash equivalents (Deposits) of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking Accounts (Operating), interest bearing	\$ <u>2,796,851.59</u>
Reconciliation:	
Governmental Funds	\$ 2,147,258.75
Enterprise Funds	188,992.52
Fiduciary Funds	<u>460,600.32</u>
	\$ <u>2,796,851.59</u>
Allocation of Cash and Cash Equivalents	
Unrestricted	\$ 1,889,470.30
Restricted	<u>907,381.29</u>
	\$ <u>2,796,851.59</u>

Included in the balance is \$880,248.84 allocated to the General Fund Capital Reserve Account.

Risk Analysis – All of the balances were covered by either federal depository insurance or Government Unit Deposit Protection Act ("GUDPA") and are considered to have minimal custodial risk.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

New Jersey statutes permit the District to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

There were no securities that would be classified as investments as of June 30, 2013.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board by resolution on October 17, 2000 by inclusion of \$1.00 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years and was supplemented in 2011-2012 and 2012-2013. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Analysis of Capital Reserve Activity since Inception:

Capital Reserve Account established October 17, 2000		\$ 1.00
Contributions from Board		
Prior to June 30, 2012	\$ 1,000,000.00	
During year ended June 30, 2013	443,722.84	\$ 1,443,722.84
Interest Earned		
Prior to June 30, 2012	None	
During year ended June 30, 2013	None	None
Less Withdrawals:		
Prior to June 30, 2012	None	
During year ended June 30, 2013	\$ 563,475.00	\$ 563,475.00
Balance June 30, 2013		\$ 880,248.84

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2013 consisted of Federal Sources, State Sources, State Aid, and transportation. All receivables are considered collectible in full. A summary of the principal items of intergovernmental accounts receivable follows:

	<u>Government Fund Financial Statements</u>
General Fund:	
State Aid:	
Extraordinary Aid	\$ 175,376.00
Non-Public Transportation - Cost Reimbursement	1,369.40
TPAF FICA Reimbursement	30,819.60
	<u>\$ 207,565.00</u>
Federal:	
Education Jobs Fund	\$ 787.00
	<u>\$ 208,352.00</u>
Special Revenue Fund:	
Federal Aid:	
Title I Part A	\$ 108,220.01
Title II Part A	8,474.77
Title III Part A	6,282.21
IDEA Part B	91,746.54
21st Century Grant	41,530.16
21st Century IDEA	11,103.05
Education Jobs Fund	14,934.00
Reach the Top	5,983.50
Other - Local - MOESC	3,974.13
	<u>\$ 292,248.37</u>
	<u>\$ 500,600.37</u>

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE (CONTINUED)

	<u>Business Type Activities</u>
Proprietary Fund:	
Enterprise Fund	
State Sources:	
Lunch	\$ <u>860.72</u>
Federal Sources	
Breakfast	\$ 10,947.19
Lunch	41,402.90
Snack	<u>1,620.84</u>
	<u>\$ 53,970.93</u>

6. INVENTORY

The value of federal donated commodities as reflected on Schedule A of \$44,394.07 (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. For the year ended June 30, 2013, the federal donated commodities food inventory of \$5,673.46 was included in the year end food and supplies amount of \$13,705.19.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

7. CAPITAL ASSETS, NET

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Transfer) Retirements</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 110,050.00			\$ 110,050.00
Construction in Progress	<u>22,793.00</u>	<u>\$ 11,502.00</u>	<u>\$ (34,295.00)</u>	<u>\$ 110,050.00</u>
Total capital assets not being depreciated	<u>\$ 132,843.00</u>	<u>\$ 11,502.00</u>	<u>(34,295.00)</u>	<u>\$ 110,050.00</u>
Capital assets being depreciated:				
Infrastructure		\$ 16,275.00		\$ 16,275.00
Site Improvements	\$ 730,530.00	7,499.00		738,029.00
Building and building improvements	13,777,511.00	601,645.00	\$ 34,295.00	14,413,451.00
Machinery and equipment	<u>1,805,861.00</u>	<u>\$ 86,760.00</u>		<u>1,892,621.00</u>
Totals at historical cost	<u>\$ 16,313,902.00</u>	<u>\$ 712,179.00</u>	<u>\$ 34,295.00</u>	<u>\$ 17,060,376.00</u>
Less accumulated depreciation for:				
Infrastructure		\$ (163.00)		\$ (163.00)
Site Improvements	\$ (521,986.00)	(34,346.00)		(556,332.00)
Building and building improvements	(6,370,043.00)	(334,203.00)		(6,704,246.00)
Machinery and equipment	<u>(1,462,658.00)</u>	<u>(78,561.00)</u>		<u>(1,541,219.00)</u>
Total accumulated depreciation	<u>\$ (8,354,687.00)</u>	<u>\$ (447,273.00)</u>		<u>\$ (8,801,960.00)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>\$ 7,959,215.00</u>	<u>\$ 264,906.00</u>	<u>\$ 34,295.00</u>	<u>\$ 8,258,416.00</u>
Governmental activities capital assets, net	<u>\$ 8,092,058.00</u>	<u>\$ 276,408.00</u>		<u>\$ 8,368,466.00</u>
Allocation of Additions:				
General Fund		\$ 676,269.50		
Special Revenue Fund		2,793.00		
Capital Leases		65,476.84		
Other contribution		<u>13,436.66</u>		
		<u>\$ 757,976.00</u>		

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

7. CAPITAL ASSETS, NET (CONTINUED)

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
<u>Business-Type Activities:</u>				
Furniture, machinery and equipment	\$ 154,754.29	\$ 15,345.00		\$ 170,099.29
Building improvements	<u>24,333.00</u>	<u> </u>	<u> </u>	<u>24,333.00</u>
Totals at historical cost	<u>\$ 179,087.29</u>	<u>15,345.00</u>	<u> </u>	<u>\$ 194,432.29</u>
Less accumulated depreciation for:				
Furniture, machinery and equipment	\$ (125,862.16)	\$ (6,234.54)		\$ (132,096.70)
Building improvements	<u>(15,300.35)</u>	<u>(1,379.12)</u>	<u> </u>	<u>(16,679.47)</u>
Total accumulated depreciation	<u>\$ (141,162.51)</u>	<u>\$ (7,613.66)</u>	<u> </u>	<u>\$ (148,776.17)</u>
Business type activities capital assets, net	<u>\$ 37,924.78</u>	<u>\$ 7,731.34</u>	<u> </u>	<u>\$ 45,656.12</u>

Depreciation expense was charged to Governmental Activities functions as follows:

Regular Instruction	\$ 189,594.45
Special Education Instruction	54,010.89
Other Special Instruction	21,462.00
Other Instruction	2,635.42
Support Services and Undistributed Cost:	
Student and Instruction Related Services	75,916.14
School Administrative Services	20,911.41
General and Business Administrative Services	33,148.72
Plant Operations and Maintenance	34,000.37
Pupil Transportation	<u>15,593.62</u>
	<u>\$ 447,273.02</u>

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

8. NONCURRENT DEBT

During the fiscal year ended June 30, 2013 the following changes occurred in liabilities:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>	<u>Noncurrent</u> <u>Portion</u>
<u>Governmental Activities:</u>						
Bonds Payable:						
General Obligation						
Debt	\$ 4,765,000.00		\$ (630,000.00)	\$ 4,135,000.00	\$ 650,000.00	\$ 3,485,000.00
Other Liabilities:						
Obligations Under						
Capital Lease	59,298.87	\$ 65,476.84	(31,768.90)	93,006.81	31,600.62	61,406.19
Compensated						
Absences Payable	<u>565,424.95</u>	<u>41,512.00</u>	<u>(22,784.43)</u>	<u>584,152.52</u>	<u>116,830.50</u>	<u>467,322.02</u>
Total Governmental						
Activities	<u>\$ 5,389,723.82</u>	<u>\$ 106,988.84</u>	<u>\$ (684,553.33)</u>	<u>\$ 4,812,159.33</u>	<u>\$ 798,431.12</u>	<u>\$ 4,013,728.21</u>

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

8. NONCURRENT DEBT (CONTINUED)

A. Bonds Payable Currently Outstanding

Bonds are authorized in accordance with State law by the voters of the municipality through referendums or in the case of refunding in accordance with Local Finance Board requirements. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2013, the District had the following serial bonds outstanding.

General Serial Bonds:

\$5,885,000.00 General Obligation Bonds, Series 1996 - Annual maturities of \$425,000.00 to \$435,000.00 through December 1, 2016 at an interest rate of 5.25%. The Bonds are not subject redemption prior to maturity. \$ 1,735,000.00

\$2,485,000.00 School District Refunding Bonds Series 2011 - These bonds were issued to refinance \$2,339,000.00 of General Obligation Bonds Series 2001. Annual maturities of \$225,000.00 to \$305,000.00 through August 15, 2021 with interest rates ranging from 2.0% to 5.0%. The Bonds are not subject redemption prior to maturity. 2,400,000.00

\$ 4,135,000.00

The Bonds are general obligations of the Board and are secured by a pledge of the full faith and credit of the Board for the payment of the principal thereof and the interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes to be levied on all taxable real property in the school district, without limitation as to rate or amount. The Bonds are additionally secured by the provisions of the New Jersey School Bond Reserve Act.

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. This has been complied with for the year ended June 30, 2012.

Bonds are authorized in accordance with State law by the voters of the Municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

8. NONCURRENT DEBT (CONTINUED)

A. Bonds Payable Currently Outstanding (continued)

Principal and interest due on serial bonds outstanding is as follows:

Year Ending June 30	1996 Issue		2011 Issue	
	Principal	Interest	Principal	Interest
2014	\$ 425,000.00	\$ 79,931.25	\$ 225,000.00	\$ 69,237.50
2015	425,000.00	57,618.75	225,000.00	63,612.50
2016	450,000.00	34,650.00	240,000.00	58,962.50
2017	435,000.00	11,418.75	240,000.00	54,162.50
2018			305,000.00	48,331.25
	<u>1,735,000.00</u>	<u>183,618.75</u>	<u>1,235,000.00</u>	<u>294,306.25</u>
2019			300,000.00	41,150.00
2020			295,000.00	31,500.00
2021			290,000.00	19,800.00
2022			280,000.00	7,000.00
			<u>1,165,000.00</u>	<u>99,450.00</u>
Total	\$ <u>1,735,000.00</u>	\$ <u>183,618.75</u>	\$ <u>2,400,000.00</u>	\$ <u>393,756.25</u>

Year Ending June 30	Grand Total		
	Principal	Interest	Total
2014	\$ 650,000.00	\$ 149,168.75	\$ 799,168.75
2015	650,000.00	121,231.25	771,231.25
2016	690,000.00	93,612.50	783,612.50
2017	675,000.00	65,581.25	740,581.25
2018	305,000.00	48,331.25	353,331.25
	<u>2,970,000.00</u>	<u>477,925.00</u>	<u>3,447,925.00</u>
2019	300,000.00	41,150.00	341,150.00
2020	295,000.00	31,500.00	326,500.00
2021	290,000.00	19,800.00	309,800.00
2022	280,000.00	7,000.00	287,000.00
	<u>1,165,000.00</u>	<u>99,450.00</u>	<u>1,264,450.00</u>
	\$ <u>4,135,000.00</u>	\$ <u>577,375.00</u>	\$ <u>4,712,375.00</u>

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

8. NONCURRENT DEBT (CONTINUED)

B. Bonds and Notes Authorized But Not Issued

As of June 30, 2013 there were no bonds and notes authorized but not issued.

C. Capital Lease Obligations Payable

The District is leasing various equipment. The following is a schedule of the future minimum lease payments under the five (5) capital leases, and the present value of the net minimum lease payments at June 30, 2013:

<u>Year</u>	<u>Copiers</u>
2014	\$ 37,080.55
2015	24,296.88
2016	19,266.76
2017	15,164.64
2018	<u>8,758.28</u>
	\$ 104,567.11
Less: Amount representing interest	<u>11,560.30</u>
Present value of net minimum lease payments	<u><u>\$ 93,006.81</u></u>

D. Refunding

2011 Refunding Bonds

On July 7, 2011 the Board issued \$2,485,000.00 (refer to Note 8A) in general obligation (Refunding) bonds to advance refund \$2,339,000.00 of outstanding 2001 Series Bonds maturing after August 15, 2012 callable on or after August 15, 2012. The net proceeds which included a premium of \$74,092.45 were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2001 Series Bonds, which were included in the refunding.

The transaction was done at an economic savings to the District in accordance with the State of New Jersey Local Finance Board requirements and their present value savings criteria. The present value savings at the time refunding was \$86,405.16 or 3.70%.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

9. PENSION PLANS

Description of Plans: All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund that have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF): The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A.18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 61 and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employees' Retirement System (PERS): The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 61 and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

9. PENSION PLANS (CONTINUED)

Funding Policy: The contribution policy is set by New Jersey Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Year Funding	Three-Year Trend Information for PERS			Percentage of APC Contributed	Employee Contribution
	Annual Pension Cost		Net Cost to District		
	Normal	Accrued			
June 30, 2013	\$ 70,310	\$ 168,113	\$ 238,423	100%	\$ 133,927
June 30, 2012	74,200	148,561	236,959	100%	134,147
June 30, 2011	83,557	133,142	233,157	100%	118,493

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

Year Funding	Pension Paid on-behalf of District		Employee Contribution	TPAF FICA
	APC Contributed	Total On-Behalf of		
June 30, 2013	100%	\$ 568,827	\$ 546,822	\$ 622,000
June 30, 2012	100%	255,396	513,798	602,355
June 30, 2011	100%	24,480	458,940	646,421

During the fiscal year ended June 30, 2012 the State of New Jersey contributed \$568,827.00 to the TPAF on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$622,000.00 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 24.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

9. PENSION PLANS (CONTINUED)

Legislation enacted during 1993 provided early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board assumed the increased cost for the early retirement as it affected their district.

10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.60 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

Three-Year Trend Information for TPAF Medical (Paid on-behalf of the District)

<u>Year Ending</u>	<u>Post-Retirement Medical</u>
June 30, 2013	\$643,199
June 30, 2012	513,412
June 30, 2011	519,950

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

11. COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts in accordance with various employment agreements under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. The current portion of the compensated absence balance of the governmental funds is reported separately on the Statement of Net Position.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees.

12. DEFERRED COMPENSATION

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

- AXA Equitable
- Lincoln National Life
- Legend Employee Benefit
- SBP Commerce
- Great American Life Insurance Company
- Security Benefit Life Insurance Company
- IDS Financial Services
- AIG

13. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance: The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance: The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior two years:

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

13. RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance: (Continued)

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending Balance</u> <u>(Deficit)</u>
2013	\$ 30,000.00	\$ 38,296.96	\$ 68,721.49	\$ 376,734.05
2012	300,000.00	34,471.60	168,705.69	377,158.58
2011	262,134.00	37,375.47	174,158.81	211,392.67

Health Benefits: The District has elected to provide health insurance to its employees based on a monthly per employee premium basis (a traditional plan).

14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2013 which will be liquidated in the normal course of business in the ensuing year.

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
Debt Service Fund	\$ 26.89	
Capital Projects Fund		\$ 26.89

15. DEFICIT FUND BALANCES – SPECIAL REVENUE FUND

The District has a deficit fund balance of \$14,598.00 in the Special Revenue Fund as of June 30, 2013 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two (2) state aid payments in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$14,598.00 in the Special Revenue Fund is equal to the last state aid payment in Special Revenue Fund.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

16. FUND BALANCE APPROPRIATED

General Fund – Of the \$1,822,545.80 General Fund fund balance at June 30, 2013, \$34,987.95 is Committed for Year-end Encumbrances; \$880,248.84 is Restricted for Capital Reserve account; \$490,673.96 is Restricted for Maintenance Reserve; \$490,673.90 is Assigned – Designated for Subsequent Year's Expenditures and \$416,684.91 assigned excess surplus designated for subsequent years' expenditures has been appropriated and included as anticipated reserve for the year ended June 30, 2013.

Debt Service Fund – Of the balance of the \$10,507.48 debt service fund balance at June 30, 2013 \$10,480 is designated for subsequent year's expenditures, \$21.48 is unassigned.

Capital Projects Fund – Of the \$359,601.73 Capital Projects Fund Balance at June 30, 2013 \$89,998 is assigned – designated for subsequent year expenditures (debt service) and the balance is \$269,703.73 is unassigned.

17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004 c73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was excess surplus at June 30, 2013 on the budgetary basis of accounting (refer to Note 18) as a result of 2012-2013 school year of \$351,266.71 and for 2011-2012 of \$416,684.91.

18. RECONCILIATION OF FUND BALANCES – GENERAL FUND

The Unreserved General fund balance is presented on a GAAP basis and a reconciliation to the budgetary basis is as follows:

	<u>Unassigned - Fund Balance</u>	<u>Restricted - Reserve for Excess Surplus</u>	<u>Reserve for Maintenance</u>
Balance on a budgetary basis as per general fund budgetary comparison Schedule (C-1)	\$ 538,196.51	\$ 351,266.71	\$ 516,583.68
Less: Allocation of State aid payments of \$915,373.00 not recognized on a GAAP basis	<u>538,196.51</u>	<u>351,266.71</u>	<u>25,905.78</u>
Balances on a GAAP basis on the governmental fund balance sheet per Schedule (B-1)	<u>None</u>	<u>None</u>	<u>\$ 490,677.90</u>

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

19. CONTINGENT LIABILITIES

- A. **Grant Programs** – The school district participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.
- B. **Pending Litigation** - As of the date of this report, the management has represented that there was no litigation pending which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the District.

20. ECONOMIC DEPENDENCY

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

21. PRIOR PERIOD RESTATEMENT – DISTRICT-WIDE FINANCIAL STATEMENTS

GASB Statement No. 65 related to *Items Previously Reported as Assets and Liabilities* allows for the adjustment of the previously amortizable debt issue costs, premium on sale of bonds and loss on defeasance (refinancing). The statement of net position as of June 30, 2012 has been restated to provide for the cumulative impact of the adjustment; there is no impact on the governmental funds fund balance.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	\$ 8,434,346.00		\$ 8,434,346.00	\$ 8,434,346.00	
Interest earned on maintenance reserve	1.00		1.00		(1.00)
Miscellaneous	<u>82,000.00</u>		<u>82,000.00</u>	<u>142,721.22</u>	<u>60,721.22</u>
Total - local sources	\$ 8,516,347.00		\$ 8,516,347.00	\$ 8,577,067.22	\$ 60,720.22
State sources:					
Categorical Special Education Aid	\$ 811,158.00		\$ 811,158.00	\$ 811,158.00	
Categorical Transportation Aid	42,746.00		42,746.00	42,746.00	
Categorical Security Aid	180,720.00		180,720.00	180,720.00	
Equalization Aid	8,141,564.00		8,141,564.00	8,141,564.00	
Extraordinary aid				175,376.00	\$ 175,376.00
Nonpublic transportation - cost reimbursement				1,369.40	1,369.40
On behalf - TPAF - pension contributions (non budgeted)				568,827.00	568,827.00
On behalf - TPAF - post retirement medical (non budgeted)				643,199.00	643,199.00
Reimbursed TPAF social security contributions (non budgeted)				<u>622,000.02</u>	<u>622,000.02</u>
Total - state sources	\$ 9,176,188.00		\$ 9,176,188.00	\$ 11,186,959.42	\$ 2,010,771.42
Federal sources:					
Semi-aid Education Jobs Fund	\$ 29,412.00	\$ 787.00	\$ 29,412.00	\$ 74,716.02	\$ 45,304.02
			<u>787.00</u>	<u>787.00</u>	
Total - federal sources	\$ 29,412.00	\$ 787.00	\$ 30,199.00	\$ 75,503.02	\$ 45,304.02
Total revenues	\$ 17,721,947.00	\$ 787.00	\$ 17,722,734.00	\$ 19,839,529.66	\$ 2,116,795.66

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	\$ 130,682.00		\$ 130,682.00	\$ 130,682.00	
Kindergarten	414,178.00	\$ 4,295.00	418,473.00	414,415.40	\$ 4,057.60
Grades 1 - 5	2,381,758.00	40,947.97	2,422,705.97	2,422,606.57	99.40
Grades 6 - 8	1,298,241.00	(21,531.24)	1,276,709.76	1,241,975.15	34,734.61
	\$ 4,224,859.00	\$ 23,711.73	\$ 4,248,570.73	\$ 4,209,679.12	\$ 38,891.61
Home instruction:					
Salaries of teachers	\$ 15,000.00		\$ 15,000.00	\$ 6,142.50	\$ 8,857.50
Purchased professional - education services	26,000.00	(1,295.00)	24,705.00	1,875.89	22,829.11
Total home instruction	\$ 41,000.00	(1,295.00)	\$ 39,705.00	\$ 8,018.39	\$ 31,686.61
Regular programs - undistributed instruction:					
Other salaries for instruction	\$ 238,601.00	\$ 17,227.20	\$ 255,828.20	\$ 255,633.14	\$ 195.06
Purchased professional - educational services	24,800.00	(20,500.00)	4,300.00		4,300.00
Purchased technical services	6,000.00	(2,479.57)	3,520.43	390.00	3,130.43
Other purchased services (400-500 series)	79,009.00	12,576.42	91,585.42	87,032.75	4,552.67
General supplies	227,303.00	12,720.81	240,023.81	219,408.43	20,615.38
Textbooks	196,650.00	(51,106.80)	145,543.20	43,739.52	101,803.68
Other objects	7,575.00	(330.00)	7,245.00	5,700.30	1,544.70
Total regular programs - instruction	\$ 779,938.00	\$ (31,891.94)	\$ 748,046.06	\$ 611,904.14	\$ 136,141.92
Total regular programs - instruction	\$ 5,045,797.00	\$ (9,475.21)	\$ 5,036,321.79	\$ 4,829,601.65	\$ 206,720.14

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	\$ 123,345.00	\$ (15,130.00)	\$ 108,215.00	\$ 108,215.00	
Other salaries for instruction	67,074.00	(29,777.63)	37,296.37	37,296.37	
General supplies	3,800.00	(1,190.67)	2,609.33	2,609.03	\$ 0.30
Textbooks	1,400.00	(162.00)	1,238.00	1,237.76	0.24
Other objects	3,000.00	(389.25)	2,610.75	2,502.43	108.32
Total learning and/or language disabilities	\$ 198,619.00	\$ (46,649.55)	\$ 151,969.45	\$ 151,860.59	\$ 108.86
Behavioral disabilities:					
Salaries of teachers		\$ 94,899.75	\$ 94,899.75	\$ 94,453.00	\$ 446.75
General supplies		1,857.29	1,857.29	1,857.29	
Total behavioral disabilities		\$ 96,757.04	\$ 96,757.04	\$ 96,310.29	\$ 446.75
Multiple disabilities:					
Salaries of teachers	\$ 160,900.00		\$ 160,900.00	\$ 160,900.00	
Other salaries for instruction	104,431.00	23,651.97	128,082.97	124,015.39	\$ 4,067.58
General supplies	1,500.00	1,000.00	2,500.00	1,954.66	535.34
Total multiple disabilities	\$ 266,831.00	\$ 24,651.97	\$ 291,482.97	\$ 286,880.05	\$ 4,602.92
Resource room/resource center:					
Salaries of teachers	\$ 1,198,491.00	\$ (871.50)	\$ 1,197,619.50	\$ 1,197,619.50	
Other salaries for instruction	67,167.00		67,167.00	66,264.93	\$ 902.07
General supplies	4,200.00	302.00	4,502.00	4,357.61	144.39
Textbooks	1,500.00	(750.00)	750.00	750.00	750.00
Total resource room/resource center	\$ 1,271,358.00	\$ (1,319.50)	\$ 1,270,038.50	\$ 1,268,242.04	\$ 1,796.46

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Special education instruction (continued):					
Preschool disabilities - part-time:					
Other salaries for instruction	\$ 20,899.00	\$ 500.00	\$ 21,399.00	\$ 21,399.00	
General supplies	1,300.00	1,634.50	2,934.50	2,933.41	\$ 1.09
Total Preschool disabilities - part-time	\$ 22,199.00	\$ 2,134.50	\$ 24,333.50	\$ 24,332.41	\$ 1.09
Total special education - instruction	\$ 1,759,007.00	\$ 75,574.46	\$ 1,834,581.46	\$ 1,827,625.38	\$ 6,956.08
Other instructional programs:					
Basic skills/remedial - instruction:					
Salaries of teachers	\$ 23,080.00	\$ (1,175.00)	\$ 21,905.00	\$ 20,784.50	\$ 1,120.50
General supplies	4,001.00	(200.00)	3,801.00	2,656.69	1,144.31
Total basic skills/remedial - instruction	\$ 27,081.00	\$ (1,375.00)	\$ 25,706.00	\$ 23,441.19	\$ 2,264.81
Bilingual education - instruction:					
Salaries of teachers	\$ 701,098.00	\$ 4,745.25	\$ 705,843.25	\$ 695,771.15	\$ 10,072.10
General supplies	6,000.00	1,500.00	7,500.00	6,783.88	716.12
Textbooks	2,000.00	(1,500.00)	500.00	236.81	263.19
Total bilingual education - instruction	\$ 709,098.00	\$ 4,745.25	\$ 713,843.25	\$ 702,791.84	\$ 11,051.41

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Other instructional programs (continued):					
School sponsored co/extracurricular activities - instruction:					
Salaries	\$ 37,995.00	\$ (2,614.00)	\$ 35,381.00	\$ 35,185.00	\$ 196.00
Purchased services (300-500 series)	10,850.00	(1,000.00)	9,850.00	3,085.00	6,765.00
Supplies and materials	11,595.00	(1,520.00)	10,075.00	6,035.62	4,039.38
Total school sponsored co/extracurricular activities - inst.	\$ 60,440.00	\$ (5,134.00)	\$ 55,306.00	\$ 44,305.62	\$ 11,000.38
School sponsored athletic - instruction:					
Salaries	\$ 26,560.00		\$ 26,560.00	\$ 26,560.00	
Purchased services (300-500 series)	13,090.00		13,090.00	13,090.00	
Supplies and materials	10,300.00		10,300.00	5,222.00	\$ 5,078.00
Total school sponsored athletic - instruction	\$ 49,950.00		\$ 49,950.00	\$ 44,872.00	\$ 5,078.00
Total other instructional programs	\$ 846,569.00	\$ (1,763.75)	\$ 844,805.25	\$ 815,410.65	\$ 29,394.60
Total instructional programs	\$ 7,651,373.00	\$ 64,335.50	\$ 7,715,708.50	\$ 7,472,637.68	\$ 243,070.82
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state - regular	\$ 95,692.00	\$ (63,428.00)	\$ 32,264.00	\$ 32,263.40	\$ 0.60
Tuition to other LEAs within the state - special	234,576.00	114,709.39	349,285.39	323,841.55	25,443.84
Tuition to private school for the disabled - state	751,120.00	(182,884.23)	568,235.77	564,063.63	4,172.14
Total undistributed expenditures - instruction	\$ 1,091,388.00	\$ (131,602.84)	\$ 949,785.16	\$ 920,168.58	\$ 29,616.58
Attendance and social work:					
Salaries	\$ 35,700.00		\$ 35,700.00	\$ 35,700.00	
Total attendance and social work	\$ 35,700.00		\$ 35,700.00	\$ 35,700.00	

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Health services:					
Salaries	\$ 179,182.00	\$ 2,710.93	\$ 181,892.93	\$ 181,892.93	\$ 8,343.17
Purchased professional - technical services	22,800.00	(2,910.93)	19,889.07	11,545.90	950.00
Other purchased services	1,000.00		1,000.00	50.00	157.56
Supplies and materials	3,500.00	1,695.80	5,195.80	5,038.24	
Total health services	\$ 206,482.00	\$ 1,495.80	\$ 207,977.80	\$ 198,527.07	\$ 9,450.73
Other support services - students - related services:					
Salaries	\$ 225,075.00	\$ 4,400.00	\$ 229,475.00	\$ 226,676.50	\$ 2,798.50
Purchased professional - educational services	305,728.00	(2,715.00)	303,013.00	209,274.50	93,738.50
Supplies and materials	1,600.00	700.00	2,300.00	2,246.38	53.62
Total other support service - student - related services	\$ 532,403.00	\$ 2,385.00	\$ 534,788.00	\$ 438,197.38	\$ 96,590.62
Other support services - students - extraordinary services:					
Salaries		\$ 20,475.00	\$ 20,475.00	\$ 15,945.24	\$ 4,529.76
Purchased professional - extraordinary services	\$ 47,260.00	36,991.25	84,251.25	35,740.32	48,510.93
Supplies and materials	5,700.00	(1,886.50)	3,813.50	3,227.39	586.11
Total other support service - student - extraordinary services	\$ 52,960.00	\$ 55,579.75	\$ 108,539.75	\$ 54,912.95	\$ 53,626.80
Other support services - students - regular:					
Salaries of other professional staff	\$ 150,133.00	\$ 10,600.80	\$ 160,733.80	\$ 160,733.80	
Other purchased services	8,254.00		8,254.00	6,624.13	1,629.87
Supplies and materials	4,975.00	(881.25)	4,093.75	3,346.41	747.34
Total other support services - students - regular	\$ 163,362.00	\$ 9,719.55	\$ 173,081.55	\$ 170,704.34	\$ 2,377.21

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Other support services - students - special:					
Salaries of other professional staff	\$ 425,068.00	\$ 4,111.08	\$ 429,179.08	\$ 429,179.08	
Salaries of secretarial and clerical assistants	108,822.00	(1,500.00)	107,322.00	107,322.00	
Other purchase professional and technical services	63,610.00	(3,439.68)	60,170.32	58,665.10	\$ 1,485.22
Purchased professional - educational services	10,750.00		10,750.00	10,393.30	356.70
Misc Purchased services (400-500 series)	4,000.00	(1,671.95)	2,328.05	2,117.38	210.67
Supplies and materials	10,000.00	3,858.48	13,858.48	13,782.46	76.02
Other objects	1,050.00	50.00	1,100.00	1,050.00	50.00
Total other support services - students - special	\$ 623,300.00	\$ 1,407.93	\$ 624,707.93	\$ 622,529.32	\$ 2,178.61
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 298,486.00	\$ (129,708.80)	\$ 168,777.20	\$ 164,535.25	\$ 4,241.95
Salaries of other professional staff	12,810.00	59,353.00	72,163.00	71,465.50	697.50
Purchased professional - educational services	20,000.00	(11,110.00)	8,890.00	8,890.00	8,890.00
Other purchased services (400-500)	5,950.00	450.00	6,400.00	3,109.44	3,290.56
Supplies and materials	8,600.00		8,600.00	5,823.22	2,776.78
Other objects	5,250.00		5,250.00	3,450.00	1,800.00
Total improvement of instructional services	\$ 351,096.00	\$ (81,015.80)	\$ 270,080.20	\$ 248,383.41	\$ 21,696.79
Educational media service/school library:					
Salaries	\$ 72,296.00	\$ (2,500.00)	\$ 69,796.00	\$ 69,741.42	\$ 54.58
Purchased professional and maintenance services	6,200.00		6,200.00	5,990.00	210.00
Supplies and materials	6,650.00	(700.00)	5,950.00	4,531.90	1,418.10
Total educational media service/school library	\$ 85,146.00	\$ (3,200.00)	\$ 81,946.00	\$ 80,263.32	\$ 1,682.68

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Instructional staff training services:					
Salaries of supervisors of instruction	\$ 42,434.00		\$ 42,434.00	\$ 42,172.50	\$ 261.50
Salaries of other professional staff	5,400.00	930.00	6,330.00	3,757.50	2,572.50
Purchased professional - educational services	9,200.00		9,200.00	5,074.00	4,126.00
Other purchased services (400-500 series)	25,808.00	3,115.00	28,923.00	20,298.74	8,624.26
Supplies and materials	8,000.00	(2,685.00)	5,315.00	923.46	4,391.54
Other objects	1,500.00		1,500.00	654.96	845.04
Total instructional staff training services	\$ 92,342.00	\$ 1,360.00	\$ 93,702.00	\$ 72,881.16	\$ 20,820.84
Support services - general administration:					
Salaries	\$ 239,565.00	\$ 11,820.60	\$ 251,385.60	\$ 251,385.60	
Legal services	35,000.00	(11,163.21)	23,836.79	23,836.79	
Audit fees	31,339.00	(189.00)	31,150.00	31,150.00	
Architect fees	10,000.00	17,400.00	27,400.00	2,400.00	\$ 25,000.00
Other purchased professional services	5,000.00	(1,813.31)	3,186.69	2,446.50	740.19
Purchase Technical Services	84,150.00	6,500.00	90,650.00	6,500.00	
Communications/telephone	2,700.00	(1,167.21)	1,532.79	82,206.32	776.47
BOE - other purchased services	2,700.00	(451.64)	2,248.36	2,248.36	
Other purchased services (400-500)	55,728.00	(1,486.91)	54,241.09	54,241.09	
General supplies	8,840.00	(4,480.10)	4,359.90	4,359.90	
BOE in-house training/meeting supplies	1,000.00	(1,000.00)	0.00	0.00	
Miscellaneous expenditures	5,913.00	(3,911.69)	2,001.31	2,001.31	
BOE membership dues and fees	13,085.00	(6,067.16)	7,017.84	7,017.84	
Total support services - general administration	\$ 492,320.00	\$ 3,990.37	\$ 496,310.37	\$ 469,793.71	\$ 26,516.66
Support services - school administration:					
Salaries of principals/assistant principals	\$ 350,139.00	\$ 106,243.23	\$ 456,382.23	\$ 452,684.00	\$ 3,698.23
Salaries of secretarial and clerical assistants	229,537.00	907.57	230,444.57	226,015.34	4,429.23
Other purchased services (400-500 series)	14,077.00		14,077.00	7,615.48	6,461.52
Supplies and materials	19,185.00	6,398.04	25,583.04	19,410.40	6,172.64
Other objects	2,500.00	1,050.00	3,550.00	1,876.90	1,673.10
Total support services - school administration	\$ 615,438.00	\$ 114,598.84	\$ 730,036.84	\$ 707,602.12	\$ 22,434.72

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable/</u> <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Central services:					
Salaries	\$ 346,175.00	\$ 6,800.00	\$ 352,975.00	\$ 349,846.30	\$ 3,128.70
Other purchased professional services	3,990.00	1,500.00	5,490.00	5,490.00	
Purchased technical services	25,590.00	4,101.77	29,691.77	29,440.06	251.71
Miscellaneous purchased services (400-500 series)	6,632.00	(521.74)	6,110.26	4,047.57	2,062.69
Supplies and materials	71,810.00	(39,969.95)	31,840.05	18,863.42	12,976.63
Miscellaneous expenditures	3,480.00	5,133.09	8,613.09	6,584.13	2,028.96
Total central services	\$ 457,677.00	\$ (22,956.83)	\$ 434,720.17	\$ 414,271.48	\$ 20,448.69
Admin. info. Technology:					
Salaries	\$ 192,370.00		\$ 192,370.00	\$ 186,614.47	\$ 5,755.53
Purchased technical services	72,800.00	(16,675.67)	56,124.33	48,109.74	8,014.59
Supplies and materials	2,900.00		2,900.00	2,900.00	
Total admin. info. Technology	\$ 268,070.00	\$ (16,675.67)	\$ 251,394.33	\$ 237,624.21	\$ 13,770.12
Required maintenance for school facilities:					
Salaries	\$ 130,501.00	\$ (9,747.00)	\$ 120,754.00	\$ 113,503.23	\$ 7,250.77
Cleaning, repair and maintenance services	96,300.00	13,605.76	109,905.76	109,905.76	
General supplies	26,300.00	6,110.09	32,410.09	31,847.80	562.29
Other objects	400.00	3,231.15	3,631.15	3,631.15	
Total required maintenance for school facilities	\$ 253,501.00	\$ 13,200.00	\$ 266,701.00	\$ 258,887.94	\$ 7,813.06

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Other operation and maintenance of plant:					
Salaries	\$ 398,892.00	\$ 4,131.97	\$ 403,023.97	\$ 389,340.88	\$ 13,683.10
Purchased professional and technical services		1,870.00	1,870.00	1,870.00	
Cleaning, repair and maintenance services	14,500.00	1,100.00	15,600.00	14,161.29	1,438.71
Rental of land & bldg, other than lease per agreement	12,000.00	41,000.00	53,000.00	53,000.00	
Insurance	38,054.00	7,667.00	45,721.00	45,594.75	126.25
Miscellaneous purchased services		109.52	109.52	58.91	50.61
General supplies	77,394.00	(385.00)	77,009.00	76,777.03	231.97
Energy (heat and electricity)	260,200.00	(54,711.49)	205,488.51	182,803.89	22,684.62
Other objects		70.49	70.49	70.49	
Energy (natural gas)	98,536.00	(9,000.00)	89,536.00	77,718.18	11,817.82
Total other operation and maintenance of plant	\$ 899,576.00	\$ (8,147.51)	\$ 891,428.49	\$ 841,395.42	\$ 50,033.08
Care and upkeep of grounds:					
Cleaning, repair and maintenance services	\$ 26,000.00	\$ 20,567.00	\$ 46,567.00	\$ 46,119.78	\$ 447.22
General supplies	2,700.00	(4.00)	2,696.00	2,046.24	649.76
Total care and upkeep of grounds	\$ 28,700.00	\$ 20,563.00	\$ 49,263.00	\$ 48,166.02	\$ 1,096.98
Security:					
General supplies	\$ 3,000.00		\$ 3,000.00	\$ 2,058.12	\$ 941.88
Total security	\$ 3,000.00		\$ 3,000.00	\$ 2,058.12	\$ 941.88
Total operation and maintenance of plant	\$ 1,184,777.00	\$ 25,615.49	\$ 1,210,392.49	\$ 1,150,507.50	\$ 59,885.00

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Student transportation:					
Salaries - Other		\$ 14,125.00	\$ 14,125.00	\$ 14,125.00	
Salaries for pupil transportation (between home and school) - special education	\$ 122,901.00	10,208.63	133,109.63	133,109.63	
Transportation purchased services	1,000.00	1,000.00	1,000.00	630.00	\$ 370.00
Cleaning, repair and maintenance services	16,500.00	12,533.61	29,033.61	29,033.61	
Rental payments - school buses		10,800.00	10,800.00	9,960.00	840.00
Contracted services (other than between home and school) - vendors		4,957.50	4,957.50	4,957.50	
Contracted services (between home and school) - joint agreement	22,000.00		22,000.00	22,000.00	
Contracted services (special education students) - vendors	9,150.00	345.00	9,495.00	8,295.00	1,200.00
Contracted Services - Reg Ed - ESCs	41,040.00	32,541.40	73,581.40	73,581.40	
Contracted Services - Special Ed - LEAs		9,000.00	9,000.00	8,900.00	100.00
Contracted services (special education students) - ESC and CTSA	153,978.00	32,829.80	186,807.80	186,807.66	0.14
Contracted services - aid in lieu of payments - nonpublic schools	8,840.00	(3,293.96)	5,546.04	5,304.00	242.04
Contracted services - aid in lieu of payments - charter schools	884.00		884.00	884.00	
Miscellaneous purchased services - transportation	6,964.00	296.00	7,260.00	7,137.25	122.75
Supplies and materials	300.00		300.00	112.40	187.60
Transportation supplies	17,000.00	4,636.76	21,636.76	21,636.76	
Other objects	250.00	934.00	1,184.00	1,184.00	
Total student transportation	\$ 399,807.00	\$ 130,913.74	\$ 530,720.74	\$ 527,658.21	\$ 3,062.53

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Operation and maintenance of plant services - employee benefits:					
Social security contribution	\$ 42,036.00		\$ 42,036.00	\$ 36,948.53	\$ 5,087.47
Health benefits	127,419.00		127,419.00	127,419.00	
Total operation and maintenance of plant services	\$ 169,455.00		\$ 169,455.00	\$ 164,367.53	\$ 5,087.47
Student transportation services - employee benefits:					
Social security contribution	\$ 9,402.00	\$ 1,261.66	\$ 10,663.66	\$ 10,663.66	
Health benefits	50,612.00		50,612.00	50,612.00	
Total student transportation services	\$ 60,014.00	\$ 1,261.66	\$ 61,275.66	\$ 61,275.66	
Total allocated benefits	\$ 229,469.00	\$ 1,261.66	\$ 230,730.66	\$ 225,643.19	\$ 5,087.47
Unallocated benefits:					
Social security contribution	\$ 211,713.00	\$ 3,288.06	\$ 215,001.06	\$ 214,961.85	\$ 39.21
Other retirement contributions - regular	282,657.00	(33,443.00)	249,214.00	249,214.00	
Unemployment compensation	200,000.00	(72,152.76)	127,847.24	30,000.00	97,847.24
Workmen's compensation	144,962.00	(13,394.50)	131,567.50	127,543.57	4,023.93
Health benefits	2,517,222.00	93,799.98	2,611,021.98	2,611,021.98	
Tuition reimbursement	24,141.00		24,141.00	24,141.00	
Other employee benefits	78,450.00	12,973.56	91,423.56	91,397.85	25.71
Total unallocated benefits	\$ 3,459,145.00	\$ (8,928.66)	\$ 3,450,216.34	\$ 3,348,280.25	\$ 101,936.09
Total personal services - employee benefits	\$ 3,688,614.00	\$ (7,667.00)	\$ 3,680,947.00	\$ 3,573,923.44	\$ 107,023.56
On behalf - TPAF - pension contributions (non budgeted)				\$ 568,827.00	\$ (568,827.00)
On behalf - TPAF - post retirement medical (non budgeted)				643,199.00	(643,199.00)
Reimbursed TPAF social security contributions (non budgeted)				622,000.02	(622,000.02)
Total on behalf - Contributions				\$ 1,834,026.02	\$ (1,834,026.02)
Total undistributed expenditures	\$ 10,330,882.00	\$ 83,948.33	\$ 10,414,830.33	\$ 11,757,674.22	\$ (1,342,843.88)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 17,982,255.00	\$ 148,283.83	\$ 18,130,538.83	\$ 19,230,311.90	\$ (1,099,773.06)

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES (CONTINUED):					
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Classroom Equipment	\$ 13,406.99	\$	\$ 13,406.99	\$ 13,406.99	
Custodial / Maintenance Equipment	42,156.51		42,156.51	42,156.51	
Oper/Maint-Plant Information Services	\$ 9,000.00	16,803.00	25,803.00	25,803.00	
Grounds Maintenance		15,504.00	15,504.00	15,504.00	
Total equipment	\$ 9,000.00	\$ 87,870.50	\$ 96,870.50	\$ 96,870.50	
Facilities Acquisition and Construction Services:					
Architect Fees		\$ 68,475.00	\$ 68,475.00	\$ 51,098.00	\$ 17,377.00
Other Purchase Professional and Technical Services	\$ 99,000.00	(51,000.00)	48,000.00	48,000.00	
Construction Services	396,000.00	72,799.00	468,799.00	468,799.00	
Assessment for Debt Service on SDA Funding	11,502.00		11,502.00	11,502.00	
Total facilities acquisition and construction services	\$ 506,502.00	\$ 90,274.00	\$ 596,776.00	\$ 579,399.00	\$ 17,377.00
Assets acquired under capital lease (non-budgeted):					
Undistributed Expenditures:					
Instruction				\$ 65,476.84	(65,476.84)
Total assets acquired under capital lease				\$ 65,476.84	(65,476.84)
TOTAL EXPENDITURES - CAPITAL OUTLAY	\$ 515,502.00	\$ 178,144.50	\$ 693,646.50	\$ 741,746.34	\$ (48,099.84)
TOTAL GENERAL FUND EXPENDITURES	\$ 18,497,757.00	\$ 326,428.33	\$ 18,824,185.33	\$ 19,972,058.24	\$ (1,147,872.90)
Excess/(deficiency) of revenues over/(under) expenditures	\$ (775,810.00)	\$ (325,641.33)	\$ (1,101,451.33)	\$ (132,528.58)	\$ 968,922.76
Other financing sources/(uses):					
Capital leases (non-budgeted)				\$ 65,476.84	65,476.84
Total other financing sources/(uses)				\$ 65,476.84	65,476.84
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing sources/(uses)	\$ (775,810.00)	\$ (326,428.33)	\$ (1,101,451.33)	\$ (67,051.74)	\$ 1,034,399.60

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Fund balance, July 1	\$ 2,805,020.34		\$ 2,805,020.34	\$ 2,805,020.34	
Fund balance, June 30	\$ 2,029,210.34	\$ (326,428.33)	\$ 1,703,569.01	\$ 2,737,968.60	\$ 1,034,399.60
Detail of:					
Fund balance appropriated	\$ 280,811.00				
Withdrawal from Capital Reserve	495,000.00				
Less: Increase in Capital Reserve	1.00				
	<u>\$ 775,810.00</u>				
Detail of budget transfers:					
Reserve for prior year-end encumbrances	\$ 121,933.33				
Prior Year Extraordinary Aid Appropriated	136,020.00				
Additional Education Jobs Fund Aid	787.00				
Maintenance reserve appropriated	68,475.00				
	<u>\$ 327,215.33</u>				
Recapitulation of fund balance:					
Committed for year-end encumbrances				\$ 34,987.95	
Assigned-Reserve for excess surplus - designated for subsequent year's expenditures (2013-2014)				416,684.91	
Restricted:					
Maintenance reserve				516,583.68	
Capital reserve				880,248.84	
Reserve for Excess Surplus (2014-2015)				351,266.71	
Unassigned:				<u>538,196.51</u>	
				\$ 2,737,968.60	
Reconciliation to governmental funds statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(915,373.00)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 1,822,595.60</u>	

Analysis of variance:

Revenues:					
Actual					\$ 282,769.64
On-behalf					<u>1,834,026.02</u>
					2,116,795.66
Expenditures:					
Actual					\$ 751,629.96
On-behalf					<u>(1,834,026.02)</u>
					(1,082,396.06)
					<u>\$ 1,034,399.60</u>

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
EDUCATIONAL JOBS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Federal sources:			
Education jobs fund	\$ <u>787.00</u>	\$ <u>787.00</u>	_____
Total federal sources	\$ <u>787.00</u>	\$ <u>787.00</u>	_____
Total revenues	\$ <u><u>787.00</u></u>	\$ <u><u>787.00</u></u>	=====

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Unallocated benefits - employee benefits:			
Health benefits	\$ <u>787.00</u>	\$ <u>787.00</u>	_____
Total unallocated benefits	\$ <u>787.00</u>	\$ <u>787.00</u>	_____
Total expenditures	\$ <u><u>787.00</u></u>	\$ <u><u>787.00</u></u>	=====

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 2,833,258.10		\$ 2,833,258.10	\$ 2,213,031.42	\$ 620,226.68
State Sources	131,054.00		131,054.00	278,417.87	(147,363.87)
Local Sources	52,446.56		52,446.56	14,660.00	37,786.56
Total Revenues	\$ 3,016,758.66		\$ 3,016,758.66	\$ 2,506,109.29	\$ 510,649.37
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 1,198,154.00	\$(166,748.25)	\$ 1,031,405.75	\$ 889,866.07	\$ 141,539.68
Other Salaries for Instruction	341,885.00	64,921.13	406,806.13	394,512.57	12,293.56
Purchased Professional and Technical Services	301,248.00	(163,278.00)	137,970.00	122,849.87	15,120.13
Other Purchased Services		19,077.00	19,077.00	19,077.00	
General Supplies		163,367.19	163,367.19	125,704.23	37,662.96
Textbooks	16,551.00	833.00	17,384.00	17,365.00	19.00
Other Objects		45,763.08	45,763.08	16,538.08	29,225.00
Total Instruction	\$ 1,857,838.00	\$(36,064.85)	\$ 1,821,773.15	\$ 1,585,912.82	\$ 235,860.33
Support Services:					
Salaries	\$ 95,649.00	\$ 107,818.36	\$ 203,467.36	\$ 159,094.05	\$ 44,373.31
Salaries of Supervisors of Instruction		4,185.75	4,185.75	2,171.25	2,014.50
Salaries of Other Professional Staff		174,897.50	174,897.50	168,067.50	6,830.00
Other Salaries		179,173.65	288,034.65	272,353.65	15,681.00
Personal Services - Employee Benefits		2,000.10	2,000.10	2,000.00	0.10
Purchased Professional - Educational Services		341,594.44	341,594.44	201,381.93	140,212.51
Purchased Professional and Technical Services		15,912.75	15,912.75	15,912.75	
Purchased Property Services		35,011.23	35,011.23	22,799.34	12,211.89
Other Purchased Services		24,731.95	24,731.95	16,383.18	8,348.77
Travel		6,126.85	101,903.85	56,786.89	45,116.96
Supplies and Materials	95,777.00	452.93	452.93	452.93	
Other Objects					
Total Support Services	\$ 301,222.00	\$ 890,970.51	\$ 1,192,192.51	\$ 917,403.47	\$ 274,789.04
Facilities Acquisition and Construction Services:					
Instructional Equipment		\$ 2,793.00	\$ 2,793.00	\$ 2,793.00	
Total Facilities Acquisition and Construction Services		\$ 2,793.00	\$ 2,793.00	\$ 2,793.00	
Total Expenditures	\$ 2,159,060.00	\$ 857,698.66	\$ 3,016,758.66	\$ 2,506,109.29	\$ 510,649.37

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 19,839,529.66	C-2 \$ 2,506,109.29
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2012	None	13,000.40
June 30, 2013	None	(11,291.89)
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	868,818.00	26,456.50
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(915,373.00)</u>	<u>(14,568.00)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2 \$ <u>19,792,974.66</u>	B-2 \$ <u>2,519,706.30</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	C-1 \$ 19,972,058.24	C-2 \$ 2,506,109.29
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order are placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2012	None	13,000.40
June 30, 2013	<u>None</u>	<u>(11,291.89)</u>
Total expenditures as reported on the statement of revenues, expenditures, and change in fund balance - governmental funds.	B-2 \$ <u>19,972,058.24</u>	B-2 \$ <u>2,507,817.80</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Exhibit E-1

	Total Brought Forward (Exh. E-1a)	Title II Part A 2012-2013	Carryover 2012-2013	Title I Part A 2012-2013	Carryover 2012-2013	Totals 2013
REVENUES:						
State sources	\$ 278,417.87					\$ 278,417.87
Federal sources	1,215,701.22	\$ 55,241.15	\$ 16,673.87	\$ 673,157.20	\$ 252,257.98	2,213,031.42
Local sources	14,660.00					14,660.00
Total revenues	\$ 1,508,779.09	\$ 55,241.15	\$ 16,673.87	\$ 673,157.20	\$ 252,257.98	\$ 2,505,109.29
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$ 416,035.50	\$ 32,418.70	\$ 13,930.00	\$ 357,431.87	\$ 70,050.00	\$ 889,865.07
Other salaries for instruction	390,833.82				3,678.75	394,512.57
Purchased professional and technical services	122,849.87					122,849.87
Other purchased services	19,077.00					19,077.00
General supplies	62,723.05			48,524.25	14,456.93	125,704.23
Textbooks	17,365.00					17,365.00
Other objects	16,538.08					16,538.08
Total instruction	\$ 1,045,422.32	\$ 32,418.70	\$ 13,930.00	\$ 405,956.12	\$ 88,185.68	\$ 1,585,912.82
Support services:						
Salaries	\$ 37,576.75			\$ 56,236.80	\$ 65,277.50	\$ 159,094.05
Salaries of other professional staff	412.50			375.00	1,383.75	2,171.25
Other salaries	168,067.50					168,067.50
Personal services-employee benefits	50,760.17	\$ 22,207.45	\$ 237.92	188,876.51	10,271.50	272,353.65
Purchased professional and technical services	136,091.93	615.00		11,090.00	53,585.00	201,381.93
Purchased professional-educational services	2,000.00					2,000.00
Other purchased professional and technical services	21,583.39		424.95		792.00	22,789.34
Purchased property services	15,912.75					15,912.75
Travel	6,714.85				5,400.02	16,383.18
Supplies and materials	21,441.93		2,081.00		25,909.50	56,786.89
Other Objects					452.93	452.93
Total support services	\$ 460,563.77	\$ 22,822.45	\$ 2,743.87	\$ 267,201.08	\$ 164,072.30	\$ 917,403.47
Facilities acquisition and construction services:						
Instructional equipment	\$ 2,793.00					\$ 2,793.00
Total facilities acquisition and construction services	\$ 2,793.00					\$ 2,793.00
Total expenditures	\$ 1,508,779.09	\$ 55,241.15	\$ 16,673.87	\$ 673,157.20	\$ 252,257.98	\$ 2,505,109.29

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Title III		Part B		I.D.E.A.		21st Century CLC		Race To The Top 2012-2013	Total Carried Forward (Exh. E-1)
	Regular Program		Regular		Supplemental IDEA		Preschool 2012-2013 Carryover	Carryover		
	2012-2013	Carryover	2012-2013	Carryover	2012-2013	Carryover				
REVENUES:										
State sources	\$ 278,417.87									\$ 278,417.87
Federal sources	612,373.08	\$ 46,201.67	\$ 27,967.06	\$ 397,881.43	\$ 40,504.17	\$ 18,753.00	\$ 324.00	\$ 21,666.05	\$ 23,483.50	\$ 1,215,701.22
Local sources	14,660.00									14,660.00
Total revenues	\$ 905,450.95	\$ 46,201.67	\$ 27,967.06	\$ 397,881.43	\$ 40,504.17	\$ 18,753.00	\$ 324.00	\$ 21,666.05	\$ 23,483.50	\$ 1,508,779.09
EXPENDITURES:										
Instruction:										
Salaries of teachers	\$ 372,254.25	\$ 16,796.25	\$ 16,796.25	\$ 363,662.44	\$ 17,271.39			\$ 16,170.00	\$ 10,815.00	\$ 416,035.50
Other salaries for instruction	122,849.87							9,900.00		390,833.82
Purchased professional and technical services	50,657.04	\$ 3,630.18		\$ 3,808.85	\$ 18,753.00	\$ 324.00		3,673.47	953.51	122,849.87
Other purchased services	17,365.00									19,077.00
General supplies	16,538.08									62,723.05
Textbooks										17,365.00
Other objects										16,538.08
Total instruction	\$ 579,684.24	\$ 3,630.18	\$ 16,796.25	\$ 363,662.44	\$ 21,080.23	\$ 18,753.00	\$ 324.00	\$ 19,843.47	\$ 21,666.51	\$ 1,045,422.32
Support services:										
Salaries	\$ 28,395.95	\$ 9,183.80								\$ 37,579.75
Salaries of other professional staff	412.50									412.50
Other salaries	168,087.50									168,087.50
Personal services-employee benefits	34,280.27	11,640.02	1,987.01	\$ 34,218.99	\$ 19,423.94			\$ 1,268.12	\$ 1,584.75	\$ 50,760.17
Purchased professional and technical services	58,965.50									136,091.93
Purchased professional-educational services	2,000.00									2,000.00
Other purchased professional and technical services	20,526.93							554.46	501.00	21,582.39
Purchased property services	15,912.75									15,912.75
Travel	4,895.89	1,818.96								6,714.85
Supplies and materials	21,137.87	304.06								21,441.93
Other Objects										
Total support services	\$ 325,786.71	\$ 42,571.49	\$ 11,170.81	\$ 34,218.99	\$ 19,423.94			\$ 1,822.58	\$ 2,085.75	\$ 23,483.50
Facilities acquisition and construction services:										
Instructional equipment									\$ 2,793.00	\$ 2,793.00
Total facilities acquisition and construction services									\$ 2,793.00	\$ 2,793.00
Total expenditures	\$ 905,450.95	\$ 46,201.67	\$ 27,967.06	\$ 397,881.43	\$ 40,504.17	\$ 18,753.00	\$ 324.00	\$ 21,666.05	\$ 23,483.50	\$ 1,508,779.09

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Exhibit E-1b

	2012-2013	21st Century Program Carryover	Local Fees	Education Jobs Fund	New Jersey Chapter 226 Nonpublic Nursing Services	Total Carried Forward (Exh. E-1a)
REVENUES:						
State sources	\$ 254,764.66					\$ 254,764.66
Federal sources	14,660.00					14,660.00
Local sources	\$ 471,319.16	\$ 77,299.70	\$ 20,902.22	\$ 42,852.00	\$ 23,653.21	\$ 716,026.29
Total revenues	<u>\$ 720,743.82</u>	<u>\$ 77,299.70</u>	<u>\$ 20,902.22</u>	<u>\$ 42,852.00</u>	<u>\$ 23,653.21</u>	<u>\$ 885,450.95</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$ 146,338.00	\$ 190,148.75	\$ 35,767.50			\$ 372,254.25
Other salaries for instruction	69,051.66	8,785.00	450.00	\$ 900.00		80,186.66
Purchased professional and technical services	7,360.66	34,372.51	8,923.87		\$ 23,653.21	53,310.24
Other purchased services	17,365.00	7,955.00	4,176.08			29,496.08
General supplies	570.00		3,827.00			4,397.00
Textbooks						
Other objects						
Total instruction	<u>\$ 238,285.32</u>	<u>\$ 241,271.26</u>	<u>\$ 44,223.38</u>	<u>\$ 4,727.00</u>	<u>\$ 23,653.21</u>	<u>\$ 548,160.17</u>
Support services:						
Salaries						
Salaries of other professional staff						
Other salaries	\$ 147,730.00	\$ 9,477.50	\$ 10,860.00			\$ 168,067.50
Personal services-employee benefits	29,988.00	4,292.27				34,280.27
Purchased professional and technical services	22,000.00			\$ 36,965.50		58,965.50
Purchased professional-educational services						
Other purchased professional and technical services	2,000.00					2,000.00
Purchased property services	6,545.65	6,666.06	5,315.22			18,526.93
Travel	6,729.34	786.28				7,515.62
Supplies and materials	2,450.94	2,444.95				4,895.89
Other Objects	10,918.16	4,333.19		5,886.50		21,137.85
Total support services	<u>\$ 206,912.94</u>	<u>\$ 27,982.25</u>	<u>\$ 16,175.22</u>	<u>\$ 42,852.00</u>	<u>\$</u>	<u>\$ 325,766.71</u>
Facilities acquisition and construction services:						
Instructional equipment						
Total facilities acquisition and construction services	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Total expenditures	<u>\$ 269,424.66</u>	<u>\$ 471,319.16</u>	<u>\$ 20,902.22</u>	<u>\$ 42,852.00</u>	<u>\$ 23,653.21</u>	<u>\$ 838,951.25</u>

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
PRESCHOOL - ALL PROGRAMS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Transfer</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:					
State sources	\$ <u>146,338.00</u>	_____	\$ <u>146,338.00</u>	\$ <u>146,338.00</u>	_____
Total revenues	\$ <u>146,338.00</u>	_____	\$ <u>146,338.00</u>	\$ <u>146,338.00</u>	_____
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ <u>146,338.00</u>	_____	\$ <u>146,338.00</u>	\$ <u>146,338.00</u>	_____
Total instruction	\$ <u>146,338.00</u>	_____	\$ <u>146,338.00</u>	\$ <u>146,338.00</u>	_____
Support services:					
Purchased professional-educational services	_____	\$ <u>2,000.00</u>	\$ <u>2,000.00</u>	\$ <u>2,000.00</u>	_____
Total support services	_____	\$ <u>2,000.00</u>	\$ <u>2,000.00</u>	\$ <u>2,000.00</u>	_____
Total expenditures	\$ <u>146,338.00</u>	\$ <u>2,000.00</u>	\$ <u>148,338.00</u>	\$ <u>148,338.00</u>	_____

CALCULATION OF BUDGET & CARRYOVER

Total 2012-2013 PreK Aid Allocation	\$ 146,338.00
Add: Actual PreK Aid Carryover June 30, 2012	2,000.00
Total Funds Available for 2012-2013 Budget	<u>148,338.00</u>
Less: 2011-2012 Budgeted PreK (Including prior year budgeted carryover)	<u>(148,338.00)</u>
Available & Unbudgeted Funds as of June 30, 2013	\$ <u>None</u>

CAPITAL PROJECTS FUND

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2013

<u>Number</u>	<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Transfer to Debt Service Fund</u>	<u>Unexpended Balance June 30, 2013</u>
				<u>Prior Years</u>	<u>Current Year</u>			
SP 201844	EDA - Freehold Learning Center	09/25/01	\$ 1,276,312.00	\$ 1,213,438.12			\$	62,873.88
SP 201845	EDA - Park Avenue School	09/25/01	5,142,909.00	4,846,181.15				296,727.85
			<u>\$ 6,419,221.00</u>	<u>\$ 6,059,619.27</u>			\$	<u>359,601.73</u>

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Revenues		
Interest on investments	\$	<u>26.89</u>
Total revenues	\$	<u>26.89</u>
Expenditures		
Purchased professional and technical services		
Construction services		<u> </u>
Total expenditures		<u> </u>
Excess(deficiency) of revenues over/(under) expenditures	\$	26.89
Other financing sources/(uses): transfer in/(out)		<u>(26.89)</u>
Net change in fund balance	\$	
Fund balance, beginning		<u>359,601.73</u>
Fund balance, ending	\$	<u><u>359,601.73</u></u>
Analysis of balance:		
Bond proceeds	\$	<u>359,601.73</u>
Balance	F-1	<u><u>359,601.73</u></u>

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
FREEHOLD LEARNING CENTER
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State sources - SCC Grant	\$ 360,428.53		\$ 360,428.53	\$ 360,428.53
Transfer from capital outlay	28.00		28.00	28.00
Bond proceeds and transfers	<u>774,600.00</u>		<u>774,600.00</u>	<u>774,600.00</u>
Total revenues	<u>\$ 1,135,056.53</u>		<u>\$ 1,135,056.53</u>	<u>\$ 1,135,056.53</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	\$ 165,943.20		\$ 165,943.20	\$ 165,943.20
Construction services	<u>876,434.45</u>		<u>876,434.45</u>	<u>876,434.45</u>
Total expenditures	<u>\$ 1,042,377.65</u>		<u>\$ 1,042,377.65</u>	<u>\$ 1,042,377.65</u>
Transfer to debt service fund	<u>\$ 29,805.00</u>		<u>\$ 29,805.00</u>	<u>\$ 29,805.00</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>\$ 62,873.88</u>		<u>\$ 62,873.88</u>	<u>\$ 62,873.88</u>

Additional project information:

Project Number	SP 201844
Grant Date	04/08/01 - 04/29/02
Bond Authorization Date	9/25/2001
Bonds Authorized	\$ 1,276,284.00
Bonds Issued	\$ 774,600.00
Original Authorized Cost	\$ 1,276,312.00
Additional Authorized Cost (Cancelled)	\$ (29,805.00)
Revised Authorized Cost	\$ 1,246,507.00

Percentage Increase over Original

Authorized Cost	XX
Percentage completion	100.00%
Original target completion date	12/30/2003
Revised target completion date	6/30/2005

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
PARK AVENUE ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State sources - SCC Grant	\$ 1,299,793.08		\$ 1,299,793.08	\$ 1,299,793.08
Transfer from capital outlay	73.00		73.00	73.00
Bond proceeds and transfers	<u>3,176,400.00</u>		<u>3,176,400.00</u>	<u>3,176,400.00</u>
Total revenues	<u>\$ 4,476,266.08</u>		<u>\$ 4,476,266.08</u>	<u>\$ 4,476,266.08</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	\$ 667,702.20		\$ 667,702.20	\$ 667,702.20
Construction services	<u>3,391,641.03</u>		<u>3,391,641.03</u>	<u>3,391,641.03</u>
Total expenditures	<u>\$ 4,059,343.23</u>		<u>\$ 4,059,343.23</u>	<u>\$ 4,059,343.23</u>
Transferred to debt service fund	<u>\$ 120,195.00</u>		<u>\$ 120,195.00</u>	<u>\$ 120,195.00</u>
Excess (deficiency) or revenues over/(under) expenditures	<u>\$ 296,727.85</u>		<u>\$ 296,727.85</u>	<u>\$ 296,727.85</u>

Additional project information:

Project Number	SP201845
Grant Date	04/08/01 - 04/29/02
Bond Authorization Date	9/25/2001
Bonds Authorized	\$ 5,142,836.00
Bonds Issued	\$ 3,176,400.00
Original Authorized Cost	\$ 5,142,909.00
Additional Authorized Cost (Cancelled)	\$ (120,195.00)
Revised Authorized Cost	\$ 5,022,714.00

Percentage Increase over Original

Authorized Cost	XX
Percentage completion	100.00%
Original target completion date	12/30/2003
Revised target completion date	6/30/2005

PROPRIETARY FUNDS

FIDUCIARY FUNDS

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Agency			Balance June 30, 2013
	Balance July 1, 2012	Cash Receipts	Cash Disbursements	
Elementary Schools:				
Cash and Cash Equivalents:				
FLC	\$ 8,293.50	\$ 24,344.89	\$ 19,961.38	\$ 12,677.01
PAE	4,716.92	11,852.86	12,359.70	4,210.08
Total Elementary Schools	\$ 13,010.42	\$ 36,197.75	\$ 32,321.08	\$ 16,887.09
Middle Schools:				
Cash and Cash Equivalents	\$ 6,454.93	\$ 18,508.06	\$ 19,283.11	\$ 5,679.88
Total Middle Schools	\$ 6,454.93	\$ 18,508.06	\$ 19,283.11	\$ 5,679.88
Other Student Accounts:				
Cash and Cash Equivalents	_____	\$ 18,337.00	\$ 18,262.66	\$ 74.34
Total Other Accounts	_____	\$ 18,337.00	\$ 18,262.66	\$ 74.34
Total All Schools	\$ 19,465.35	\$ 73,042.81	\$ 69,866.85	\$ 22,641.31

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Agency			Balance June 30, 2013
	Balance July 1, 2012	Additions	Deletions	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,486.02	\$ 13,752,693.08	13,750,682.57	\$ 3,496.53
Total Assets	<u>\$ 1,486.02</u>	<u>\$ 13,752,693.08</u>	<u>\$ 13,750,682.57</u>	<u>\$ 3,496.53</u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 1,486.02	\$ 5,869,306.90	\$ 5,870,037.73	\$ 755.19
Net Pay		7,883,386.18	7,880,644.84	2,741.34
Total Liabilities	<u>\$ 1,486.02</u>	<u>\$ 13,752,693.08</u>	<u>\$ 13,750,682.57</u>	<u>\$ 3,496.53</u>

NONCURRENT DEBT

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
NONCURRENT DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2013

Issue	Date of Original Issue	Original Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2012	Issued	Retired	Balance June 30, 2013
			Date	Amount					
Improvements to the Elementary Schools	12/1/1996	\$ 5,885,000.00	12/1/13-14	\$ 425,000.00	5.25%				
			12/1/2015	450,000.00		\$ 2,135,000.00	\$ 400,000.00	\$ 1,735,000.00	
			12/1/2016	435,000.00					
Improvements to the District Schools	12/1/2001	3,939,000.00			4.70%	200,000.00		200,000.00	
	7/7/2011	2,485,000.00	8/15/2013	225,000.00	3.00%				
2011 Refunding Bonds			8/15/2014	225,000.00	2.00%				
			8/15/2015	240,000.00	2.00%				
			8/15/2016	240,000.00	2.00%				
			8/15/2017	305,000.00	2.25%				
			8/15/2018	300,000.00	2.50%				
			8/15/2019	295,000.00	4.00%				
			8/15/2020	290,000.00	4.00%				
			8/15/2021	280,000.00	5.00%				
Total						\$ 4,765,000.00	\$ 630,000.00	\$ 4,135,000.00	

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
NONCURRENT DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE
JUNE 30, 2013

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2012</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2013</u>
Copiers	N/A	\$ 27,410.36	\$ 4,645.61	\$	4,645.61	
Copiers	N/A	34,033.80	11,052.32		6,585.08	\$ 4,467.24
Copiers	N/A	20,460.00	6,587.05		3,899.67	2,687.38
Copiers	N/A	31,741.20	20,020.16		5,303.66	14,716.50
Copiers	N/A	13,920.00	8,348.27		2,323.09	6,025.18
Copiers	N/A	18,438.72	8,645.46		4,188.08	4,457.38
Copiers	N/A	31,601.66		\$ 31,601.66	1,368.61	30,233.05
Copier	N/A	33,875.18		33,875.18	3,455.70	30,419.48
Total			\$ 59,298.87	\$ 65,476.84	\$ 31,769.50	\$ 93,006.21

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 667,928.00		\$ 667,928.00	\$ 667,928.00	
State Sources:					
Debt Service Aid Type II	<u>141,272.00</u>		<u>141,272.00</u>	<u>141,272.00</u>	
Total Revenues	<u>\$ 809,200.00</u>		<u>\$ 809,200.00</u>	<u>\$ 809,200.00</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	\$ 179,200.00		\$ 179,200.00	\$ 179,200.00	
Redemption of Principal	<u>630,000.00</u>		<u>630,000.00</u>	<u>630,000.00</u>	
Total Regular Debt Service	<u>\$ 809,200.00</u>		<u>\$ 809,200.00</u>	<u>\$ 809,200.00</u>	
Total Expenditures	<u>\$ 809,200.00</u>		<u>\$ 809,200.00</u>	<u>\$ 809,200.00</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures			\$		
Other Financing Sources:					
Operating Transfer In:					
Interfund Receivable	<u>21.16</u>		<u>21.16</u>	<u>21.16</u>	
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>\$ 21.16</u>		<u>\$ 21.16</u>	<u>\$ 21.16</u>	
Fund Balance, July 1	<u>10,486.32</u>		<u>10,486.32</u>	<u>10,486.32</u>	
Fund Balance, June 30	<u>\$ 10,507.48</u>		<u>\$ 10,507.48</u>	<u>\$ 10,507.48</u>	

STATISTICAL TABLES (SECTION)
(UNAUDITED)

FREEHOLD BOROUGH SCHOOL DISTRICT
COUNTY OF MONMOUTH
INTRODUCTION TO STATISTICAL TABLES (SECTION)
(UNAUDITED)

<u>Contents</u>	<u>Exhibit</u>
Financial Trends	J-1 to J-5
<p>These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.</p>	
Revenue Capacity	J-6 to J-9
<p>These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</p>	
Debt Capacity	J-10 to J-13
<p>These schedules contain information to help the reader assess the district's outstanding debt.</p>	
Demographic and Economic Information	J-14 & J-15
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</p>	
Operating Information	J-16 to J-20
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.</p>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

FINANCIAL TRENDS

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
NET POSITION BY COMPONENT
LAST TEN (10) FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets	\$ 3,268,865	\$ 3,356,915	\$ 2,015,519	\$ 2,044,545	\$ 2,205,363	\$ 2,342,335	\$ 2,586,033	\$ 2,619,340	\$ 3,321,288	\$ 4,023,629
Restricted	1	1	20,971	1	711,665	1,167,630	1,037,480	899,020	1,740,095	880,248
Unrestricted	(634,362)	(635,752)	604,026	270,896	357,271	703,546	511,249	586,568		795,716
	<u>\$ 2,634,505</u>	<u>\$ 2,721,164</u>	<u>\$ 2,640,516</u>	<u>\$ 2,315,442</u>	<u>\$ 3,274,299</u>	<u>\$ 4,213,511</u>	<u>\$ 4,134,762</u>	<u>\$ 4,104,927</u>	<u>\$ 5,061,363</u>	<u>\$ 5,699,593</u>
Total governmental activities net assets										
Business-type activities										
Invested in capital assets	\$ 24,294	\$ 19,280	\$ 14,339	\$ 9,658	\$ 25,206	\$ 18,474	\$ 12,794	\$ 29,375	\$ 37,925	\$ 45,656
Unrestricted	1,872	3,670	6,813	6,913	33,315	52,012	141,435	150,774	175,782	232,487
	<u>\$ 26,166</u>	<u>\$ 22,950</u>	<u>\$ 21,152</u>	<u>\$ 16,471</u>	<u>\$ 58,521</u>	<u>\$ 70,486</u>	<u>\$ 154,229</u>	<u>\$ 180,149</u>	<u>\$ 213,707</u>	<u>\$ 278,143</u>
Total business-type activities net assets										
District-wide										
Invested in capital assets	\$ 3,293,160	\$ 3,376,195	\$ 2,029,858	\$ 2,054,203	\$ 2,230,569	\$ 2,360,809	\$ 2,598,827	\$ 2,648,714	\$ 3,389,193	\$ 4,069,295
Restricted	1	1	20,971	1	711,665	1,167,630	1,037,480	899,020	1,740,095	880,248
Unrestricted	(632,489)	(632,082)	610,839	277,709	390,586	755,558	652,684	737,342	175,782	1,028,203
	<u>\$ 2,660,671</u>	<u>\$ 2,744,114</u>	<u>\$ 2,661,668</u>	<u>\$ 2,331,913</u>	<u>\$ 3,332,820</u>	<u>\$ 4,283,997</u>	<u>\$ 4,288,991</u>	<u>\$ 4,285,076</u>	<u>\$ 5,275,070</u>	<u>\$ 5,977,736</u>
Total district net position										

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CHANGE IN NET POSITION
LAST TEN (10) FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 6,782,685	\$ 7,006,698	\$ 7,447,836	\$ 7,842,265	\$ 8,381,421	\$ 8,590,909	\$ 8,525,481	\$ 9,118,099	\$ 8,554,496	\$ 8,840,598
Special education	1,616,535	1,634,047	1,833,422	2,213,650	1,785,986	2,106,147	2,233,631	2,280,846	2,345,295	2,650,173
Other instruction	745,162	863,452	421,368	527,102	734,719	754,348	829,074	958,899	1,032,112	1,056,890
Other instruction				149,922	172,757	95,150	97,768	139,516	138,483	129,790
Support Services:										
Tuition	645,649	647,709	757,451	692,787	812,020	840,266	783,788	822,605	814,041	920,169
Student & instruction related services	1,647,938	1,754,926	2,436,244	2,988,868	2,893,162	2,949,086	3,181,058	3,785,116	3,992,310	3,527,885
School Administrative service	589,843	629,095	678,022	720,526	753,886	748,160	755,019	791,134	857,476	1,023,196
General administration	576,925	602,035	708,618	741,111	832,115	1,528,882	1,534,124	1,765,162	1,605,784	1,622,290
Central Services					122,028					
Plant operations and maintenance	1,192,974	275,089	277,932	309,410	328,139					
Pupil transportation	423,664	1,494,152	1,503,662	1,623,617	1,598,415	1,752,133	2,056,408	1,940,801	1,764,088	1,668,166
Other support services	270,603	467,059	542,060	565,925	578,655	493,554	551,485	470,538	537,046	765,072
Interest on long-term debt	432,325	410,931	391,799	370,869	347,679	323,155	296,572	271,261	170,078	177,739
Total governmental activities expenses	14,926,305	15,785,192	16,998,414	18,745,992	19,430,962	20,181,790	20,844,428	22,343,978	21,211,199	22,391,967
Business-type activities:										
Food service	403,326	371,833	396,263	439,133	531,422	625,274	674,929	733,025	782,883	765,615
Total business-type activities expense	403,326	371,833	396,263	439,133	531,422	625,274	674,929	733,025	782,883	765,615
Total district expenses	\$ 15,329,630	\$ 16,157,026	\$ 17,394,677	\$ 19,185,125	\$ 19,962,404	\$ 20,807,064	\$ 21,519,357	\$ 23,077,003	\$ 21,994,082	\$ 23,157,582

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CHANGE IN NET POSITION
LAST TEN (10) FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation										
Central and other support services										
Special schools										
Operating grants and contributions	3,068,333	3,334,132	3,925,366	4,099,153	4,625,660	2,840,252	2,680,666	3,941,294	2,726,840	2,373,943
Capital grants and contributions										
Total governmental activities program revenues	<u>3,068,333</u>	<u>3,334,132</u>	<u>3,925,366</u>	<u>4,099,153</u>	<u>4,625,660</u>	<u>2,840,252</u>	<u>2,680,666</u>	<u>3,941,294</u>	<u>2,726,840</u>	<u>2,373,943</u>
Business-type activities:										
Charges for services:										
Food service	\$ 46,644	\$ 49,589	\$ 52,858	\$ 53,111	\$ 130,927	\$ 153,976	\$ 144,444	\$ 155,161	\$ 155,093	\$ 142,253
Operating grants and contributions	267,121	276,856	311,037	356,173	407,545	483,263	614,228	602,764	661,347	687,798
Total business type activities program revenues	<u>313,765</u>	<u>326,425</u>	<u>363,895</u>	<u>409,284</u>	<u>538,472</u>	<u>637,239</u>	<u>758,672</u>	<u>758,945</u>	<u>816,440</u>	<u>830,051</u>
Total district program revenues	<u>\$ 3,382,098</u>	<u>\$ 3,660,556</u>	<u>\$ 4,289,261</u>	<u>\$ 4,508,437</u>	<u>\$ 5,165,132</u>	<u>\$ 3,477,491</u>	<u>\$ 3,439,338</u>	<u>\$ 4,700,239</u>	<u>\$ 3,543,280</u>	<u>\$ 3,203,995</u>
Net (Expense)/Revenue	<u>\$(11,857,972)</u>	<u>\$(12,451,061)</u>	<u>\$(13,073,048)</u>	<u>\$(14,646,839)</u>	<u>\$(14,804,322)</u>	<u>\$(17,341,538)</u>	<u>\$(18,163,762)</u>	<u>\$(18,402,684)</u>	<u>\$(18,464,359)</u>	<u>\$(20,018,024)</u>
Governmental activities	<u>(89,561)</u>	<u>(45,409)</u>	<u>(32,366)</u>	<u>(29,849)</u>	<u>7,050</u>	<u>11,965</u>	<u>83,743</u>	<u>25,920</u>	<u>33,557</u>	<u>64,437</u>
Business-type activities	<u>\$(11,947,532)</u>	<u>\$(12,496,469)</u>	<u>\$(13,105,416)</u>	<u>\$(14,676,688)</u>	<u>\$(14,797,272)</u>	<u>\$(17,329,573)</u>	<u>\$(18,080,019)</u>	<u>\$(18,376,764)</u>	<u>\$(18,450,802)</u>	<u>\$(19,953,587)</u>
Total district-wide net expense										
General Revenues and Other Change in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 5,186,208	\$ 6,019,089	\$ 6,410,747	\$ 6,998,482	\$ 7,504,804	\$ 7,737,636	\$ 7,956,512	\$ 8,028,124	\$ 8,268,967	\$ 8,434,346
Taxes levied for debt service	495,200	623,303	630,703	631,154	614,451	630,302	611,839	636,411	636,967	667,828
Unrestricted grants and contributions	5,554,028	5,853,310	6,104,085	6,522,607	7,462,236	9,392,206	9,307,495	9,765,675	10,586,138	11,502,743
Restricted grants	286,766	-	480	2,403	-	-	-	-	-	-
Tuition Received	-	-	-	74,771	117,821	96,742	-	-	-	-
Investment earnings	-	-	-	65,354	40,990	5,279	-	-	-	-
Miscellaneous income	130,024	86,224	124,280	85,026	75,817	462,695	127,276	53,478	159,791	157,116
Transfers	(77,461)	(44,205)	(277,896)	(58,032)	(52,940)	(44,109)	81,889	(132,840)	(211,088)	13,437
Total governmental activities	<u>\$ 11,574,745</u>	<u>\$ 12,537,721</u>	<u>\$ 12,992,399</u>	<u>\$ 14,321,765</u>	<u>\$ 15,763,179</u>	<u>\$ 18,280,761</u>	<u>\$ 18,065,013</u>	<u>\$ 18,372,848</u>	<u>\$ 19,440,795</u>	<u>\$ 20,775,569</u>

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CHANGE IN NET POSITION
LAST TEN (10) FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Change in Net Position (Continued)										
Business-type activities:										
Investment earnings	\$ 65,095	\$ 42,192	\$ 30,570	\$ 25,168	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers	65,095	42,192	30,570	25,168	35,000	-	-	-	-	-
Total business-type activities	\$ 11,639,839	\$ 12,579,913	\$ 13,022,969	\$ 14,346,933	\$ 15,798,179	\$ 18,280,751	\$ 18,085,013	\$ 18,372,848	\$ 19,440,795	\$ 20,775,569
Total district-wide										
Change in Net Position										
Governmental activities	\$ (293,227)	\$ 86,660	\$ (80,649)	\$ (325,074)	\$ 959,657	\$ 939,213	\$ (76,749)	\$ (29,836)	\$ 956,436	\$ 757,545
Business-type activities	(24,466)	(3,217)	(1,798)	(4,681)	42,050	11,965	83,743	25,920	33,557	64,437
Total district	\$ (307,693)	\$ 83,444	\$ (82,447)	\$ (329,755)	\$ 1,000,907	\$ 951,178	\$ 4,994	\$ (3,916)	\$ 989,993	\$ 821,982

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(modified accrual basis of accounting)**

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 1	\$ 52,375	\$ 20,971	\$ 1	\$ 711,665	\$ 1,167,630	\$ 1,034,294	\$ 899,020	\$ 1,936,402	\$ 1,822,596
Unreserved	(82,939)	(7,155)	(12,223)	(39,281)	62,171	265,677	-	-	-	-
Total general fund	\$ (82,938)	\$ 45,220	\$ 8,748	\$ (39,280)	\$ 773,836	\$ 1,433,307	\$ 1,034,294	\$ 899,020	\$ 1,936,402	\$ 1,822,596
All Other Governmental Funds										
Reserved	\$ 74,942			\$ 99,477						
Unreserved (deficit), reported in:										
Special revenue fund	(75,723)	(75,723)	(75,722)	(75,722)	(74,710)	(36,577)	(37,795)	(32,828)	(26,456)	(14,598)
Capital projects fund	1,148,509	1,269,720	1,268,470	1,163,744	1,167,500	1,167,500	1,167,500	1,167,500	359,602	359,602
Debt service fund	1	1	1	1	2	1	1	0	10,486	10,507
Total all other governmental funds	\$ 1,147,729	\$ 1,193,998	\$ 1,192,749	\$ 1,187,500	\$ 1,092,792	\$ 1,130,924	\$ 1,129,706	\$ 1,134,672	\$ 343,632	\$ 355,511

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax levy	\$ 5,681,408	\$ 6,642,392	\$ 7,041,450	\$ 7,629,636	\$ 8,119,255	\$ 8,367,938	\$ 8,568,351	\$ 8,686,535	\$ 8,905,954	\$ 9,102,274
Tuition charges				74,771	117,821	96,742				
Interest earnings	5,759	13,110	30,453	65,354	40,990	5,279	24	4	3	27
Miscellaneous	57,394	183,729	93,827	122,679	106,731	488,275	165,211	117,519	176,719	157,089
State sources	7,442,439	7,803,169	7,972,349	8,367,629	9,674,300	10,124,947	8,507,323	10,386,526	10,748,331	11,571,783
Federal sources	1,179,922	1,388,473	2,057,101	2,216,478	2,383,682	2,071,930	3,439,694	3,154,471	2,547,718	2,290,535
Total revenue	14,366,933	16,010,873	17,195,180	18,476,547	20,442,779	21,165,111	20,680,603	22,345,055	22,378,725	23,121,708
Expenditures										
Instruction										
Regular instruction	5,294,867	5,496,292	5,872,970	6,124,949	6,465,760	6,713,493	6,623,944	6,947,817	6,316,553	6,415,514
Special education instruction	1,194,639	1,192,477	1,330,037	1,496,642	1,222,149	1,551,730	1,654,345	1,632,014	1,652,998	1,827,625
Other special instruction	193,528	192,048	179,263	356,365	502,763	555,775	614,056	686,122	727,450	726,233
Other instruction	63,822	76,081	78,419	64,608	66,615	70,103	72,427	99,828	97,606	89,178
Support Services:										
Tuition	645,649	647,709	757,451	692,787	812,020	840,266	783,788	822,606	814,041	920,169
Student & inst. related services	1,546,603	1,703,290	1,895,932	2,232,261	2,231,427	2,287,037	2,462,505	2,807,375	2,505,789	2,569,657
General administration	361,467	365,133	439,184	402,568	428,889	1,128,254	497,116	578,666	522,781	469,794
School administrative services	435,284	459,044	492,574	488,939	517,773	553,267	561,269	566,736	606,326	707,602
Central services		275,089	277,888	309,410	328,138	435,003	392,161	403,822	385,073	414,271
Admin. information technology					122,028	223,552	246,796	283,763	226,816	237,624
Plant operations and maintenance	895,885	1,105,577	1,106,024	1,098,471	1,093,672	632,351	1,523,085	1,388,702	1,243,360	1,150,508
Pupil transportation	312,611	347,317	411,929	410,488	424,477	387,522	431,362	336,684	378,519	527,658
Other Support Services	270,603									
Employee benefits	2,868,209	3,054,207	3,428,772	4,024,824	4,553,425	4,200,043	4,372,740	5,078,497	5,017,859	5,680,303
Capital outlay	540,985	73,907	302,093	72,279	178,056	93,321	71,544	137,243	70,076	744,540
Debt service:										
Principal	375,000	400,000	400,000	425,000	425,000	475,000	475,000	525,000	560,000	630,000
Interest and other charges	425,602	406,083	385,908	365,077	343,589	320,790	296,677	271,321	179,238	179,200
Total expenditures	15,424,753	15,794,254	17,358,444	18,564,668	19,715,781	20,467,507	21,080,835	22,568,196	21,324,485	23,289,076
Excess (Deficiency) of revenues over (under) expenditures	(1,057,821)	216,619	(163,264)	(88,121)	726,998	697,604	(400,232)	(223,141)	1,054,240	(167,368)

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing sources (uses)										
Proceeds from borrowing										
Capital leases (non-budgeted)	\$ 40,981		\$ 156,115	\$ 59,011	\$ 27,410			\$ 92,837		\$ 65,477
Proceeds from refunding										
Payments to escrow agent									\$ (807,898)	
Cancellation of Grant Receivable										
Transfers in										
Transfers out	(65,095)	(42,192)	(30,570)	(25,168)	(35,000)			(4)		(6)
Total other financing sources (uses)	(24,114)	(42,192)	125,544	33,843	(7,590)			92,833	(807,898)	55,471
Net change in fund balances	\$ (1,081,934)	\$ 174,427	\$ (37,720)	\$ (54,278)	\$ 719,408	\$ 697,604	\$ (400,232)	\$ (130,308)	\$ 246,342	\$ (101,897)
Debt service as a percentage of noncapital expenditures	5.38%	5.13%	4.61%	4.27%	3.93%	3.91%	3.67%	3.55%	3.57%	3.59%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005. Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN (10) FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Interest on Investments	E-Rate	Miscellaneous	Tuition	Refund of Prior Year Expenditures	Use of Building	Annual Totals
2004	\$ 4,167	\$ 29,416	\$ 689	\$ 3,760	\$ 20,729	\$ 2,800	\$ 61,561
2005	10,635	19,874	15,635	11,806	24,999	800	83,749
2006	24,884	9,021	21,197	38,575	9,008		102,685
2007	57,846	41,084	29,828	3,886	10,228		142,872
2008	38,860	35,614	20,547	11,014	8,641		114,676
2009	5,128	35,460	426,034	96,742	-	1,200	564,564
2010	181	13,942	16,250	96,081		800	127,254
2011	3	19,134	29,744	3,796		800	53,478
2012	3	125,193	20,957	8,957	4,681	-	159,791
2013	-	25,939	68,734	9,709	32,570	5,770	142,721

Source: District records

REVENUE CAPACITY

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN (10) FISCAL YEARS**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Tax-Exempt Property	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate b
2004	4,440,800	333,950,200	-	-	103,596,400	28,234,100	11,341,900	481,563,400	6,011,295	129,507,900	617,082,595	743,614,803	1.272
2005	16,243,200	756,435,500	-	-	243,404,500	35,266,400	23,720,400	1,075,070,000	10,492,300	129,507,900	1,215,070,200	921,934,131	0.609
2006	16,481,600	756,389,400	-	-	243,545,100	34,727,100	23,720,400	1,074,863,600	10,503,653	210,712,800	1,296,080,053	1,083,526,602	0.667
2007	13,574,000	761,011,000	-	-	236,891,500	34,727,100	22,941,400	1,071,145,000	9,846,278	206,975,000	1,287,966,278	1,177,761,253	0.736
2008	11,815,100	763,101,500	-	-	237,093,900	34,727,100	22,941,400	1,068,679,000	10,469,869	207,916,700	1,288,065,669	1,251,360,049	0.756
2009	11,552,000	765,785,300	-	-	236,440,200	25,345,900	23,097,700	1,062,221,100	11,377,335	206,266,600	1,279,865,035	1,277,270,269	0.780
2010	11,375,600	766,577,000	-	-	242,880,100	25,345,900	22,374,900	1,068,553,500	10,281,773	206,266,600	1,285,101,873	1,209,211,673	0.796
2011	10,342,700	768,700,500	-	-	241,539,000	25,345,900	22,388,400	1,068,316,500	9,917,155	206,266,600	1,284,500,255	1,214,517,164	0.810
2012	10,244,400	767,610,400	-	-	241,264,600	25,345,900	22,388,400	1,066,853,700	-	206,799,500	1,273,653,200	1,136,846,368	0.842
2013	10,236,400	764,565,800	-	-	239,840,300	25,345,900	22,388,400	1,062,376,800	-	207,086,800	1,269,463,600	1,029,563,181	0.867

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxaic

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

* Revaluation effective 2005.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100 of Assessed Valuation

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN (10) FISCAL YEARS
(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Borough of Freehold School District Direct Rate (From J-6)			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Direct School Tax Rate ^c	Municipality of Freehold	Freehold Regional High School	County of Monmouth	
2004	1.152	0.120	1.272	1.110	0.629	0.541	3.552
2005	0.559	0.050	0.609	0.598	0.339	0.269	1.815
2006	0.612	0.055	0.667	0.630	0.372	0.280	1.949
2007	0.663	0.073	0.736	0.659	0.368	0.277	2.040
2008	0.697	0.059	0.756	0.718	0.375	0.278	2.127
2009	0.723	0.050	0.780	0.756	0.382	0.289	2.207
2010	0.740	0.056	0.796	0.791	0.376	0.283	2.246
2011	0.750	0.060	0.810	0.822	0.378	0.300	2.310
2012	0.779	0.063	0.842	0.850	0.341	0.293	2.326
2013	0.810	0.052	0.862	0.883	0.321	0.277	2.343

Source: Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

* Revaluation effective 2005.

^a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

^b Rates for debt service are based on each year's requirements.

^c Tax rates are per \$100 of assessed valuation.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

	2013			2004		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Freehold Racing Association	\$ 29,225,300	1	2.75%	\$ 27,300,000	1	5.60%
Nestle	23,674,400	2	2.23%	20,499,200	2	4.20%
AEW Brookside	14,269,000	3	1.34%	3,000,000	3	0.62%
East Coast Post & Coach	6,495,700	4	0.61%	2,925,000	4	0.60%
Park Plaza Shopping Center	5,560,900	5	0.52%	2,600,000	5	0.53%
Freefern Associates	4,565,000	6	0.43%	2,500,000	6	0.51%
E. Main Street LLC	3,191,000	7	0.30%	1,750,000	7	0.36%
Delli Santi, Nicholas	3,000,000	8	0.28%	1,550,100	8	0.32%
Bell Atlantic	3,000,000	9	0.28%	1,468,700	9	0.30%
Chius Property	2,650,000	10	0.25%	1,386,100	10	0.28%
Total	\$ 95,631,300		9.00%	\$ 64,979,100		13.33%
Net Valuation Taxable	\$ 1,062,376,800			\$ 487,574,695		

Source: Municipal Tax Assessor

Note: Revaluation Effective for 2005.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN (10) FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for	Collected within the Fiscal Year of		Collections in Subsequent Years
	the Fiscal Year	the Fiscal Tax Levy ^a	Percentage of Levy	
	Amount	Amount	Percentage of Levy	
2004	\$ 17,569,192	\$ 17,308,085	98.51%	\$ 287,992
2005	19,914,240	19,469,967	97.77%	428,326
2006	21,433,929	20,946,689	97.73%	420,500
2007	22,313,025	21,992,755	98.56%	297,895
2008	23,236,126	22,780,509	98.04%	434,433
2009	24,069,140	23,572,143	97.94%	460,299
2010	24,511,865	23,918,982	97.58%	572,124
2011	25,178,131	24,582,100	97.63%	529,942
2012	25,088,345	24,363,083	97.11%	529,992
2013	24,886,888	N/A	N/A	N/A

Source: District records including the Certificate and Report of School Taxes (A4F form)

a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

DEBT CAPACITY

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN (10) FISCAL YEARS**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2004	\$ 8,324,000	-	\$ 199,748	-	-	\$ 8,523,748	3.90%	777	
2005	7,924,000	-	123,539	-	-	8,047,539	3.68%	733	
2006	7,524,000	-	177,703	-	-	7,701,703	3.52%	702	
2007	7,099,000	-	157,456	-	-	7,256,456	3.32%	661	
2008	6,674,000	-	128,216	-	-	6,802,216	3.11%	620	
2009	6,199,000	-	74,608	-	-	6,273,608	2.87%	572	
2010	5,724,000	-	23,739	-	-	5,747,739	2.63%	524	
2011	5,199,000	-	86,413	-	-	5,285,413	1.88%	439	
2012	4,765,000	-	59,299	-	-	4,824,299	1.71%	400	
2013	4,135,000	-	32,354	-	-	4,167,354	1.48%	345	

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

^a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN (10) FISCAL YEARS

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2004	\$ 8,324,000	-	\$ 8,324,000	1.71%	758
2005	7,924,000	-	7,924,000	0.73%	722
2006	7,524,000	-	7,524,000	0.69%	686
2007	7,099,000	-	7,099,000	0.66%	647
2008	6,674,000	-	6,674,000	0.62%	608
2009	6,199,000	-	6,199,000	0.57%	565
2010	5,724,000	-	5,724,000	0.54%	522
2011	5,199,000	-	5,199,000	0.43%	431
2012	4,765,000	-	4,765,000	0.39%	395
2013	4,135,000	-	4,135,000	0.39%	343

Notes:

- Details regarding the district's outstanding debt can be found in the notes to the financial statements.
- ^a See Exhibit NJ J-6 for property tax data.
- ^b Population data can be found in Exhibit NJ J-14.
- ^c Revaluation effective for 2005.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Freehold	\$ 12,182,719	100.000%	\$ 12,182,719
County of Monmouth	466,110,819	0.919946%	4,287,968
Other debt			
Freehold Regional School	\$ 35,035,000	3.6400%	\$ 1,275,274
Subtotal, overlapping debt			\$ 17,745,961
Borough of Freehold District Direct Debt:			
Issued and Outstanding	4,135,000		4,135,000
Authorized but not issued	None		
Total direct and overlapping debt			\$ 21,880,961

Sources: Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.
 Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Freehold Borough. This process recognizes that, when considering the District's ability to issue and repay noncurrent debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
LEGAL DEBT MARGIN INFORMATION
LAST TEN (10) FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized valuation basis	
2012	\$ 1,025,327,919
2011	\$ 1,129,298,626
2010	\$ 1,194,849,044
	<u>\$ 3,349,475,589</u>
Average equalized valuation of taxable property	\$ 1,116,491,863
Debt limit (3 % of average equalization value)	33,494,756 ^a
Total Net Debt Applicable to Limit	<u>4,135,000</u>
Legal debt margin	<u>\$ 29,359,756</u>

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 10,974,278	\$ 22,460,999	\$ 31,250,269	\$ 34,595,408	\$ 36,700,251	\$ 36,789,898	\$ 36,789,848	\$ 36,514,977	\$ 35,162,509	\$ 33,494,756
Total net debt applicable to limit	<u>9,462,816</u>	<u>9,062,816</u>	<u>8,662,816</u>	<u>8,237,816</u>	<u>7,812,816</u>	<u>7,337,816</u>	<u>6,862,816</u>	<u>6,337,816</u>	<u>4,765,000</u>	<u>4,135,000</u>
Legal debt margin	<u>\$ 9,511,462</u>	<u>\$ 13,418,183</u>	<u>\$ 22,587,453</u>	<u>\$ 26,357,592</u>	<u>\$ 28,887,435</u>	<u>\$ 29,452,082</u>	<u>\$ 29,927,032</u>	<u>\$ 30,177,161</u>	<u>\$ 30,397,509</u>	<u>\$ 29,359,756</u>
Total net debt applicable to the limit as a percentage of debt limit	49.87%	40.31%	27.72%	23.81%	21.29%	19.95%	18.65%	17.36%	13.55%	12.35%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

^a Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

DEMOGRAPHIC AND ECONOMIC INFORMATION

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN (10) FISCAL YEARS

<u>Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2004	10,976	218,532,160	19,910	7.90%
2005	10,976	218,532,160	19,910	6.60%
2006	10,976	218,532,160	19,910	6.40%
2007	10,976	218,532,160	19,910	6.30%
2008	10,976	218,532,160	19,910	5.70%
2009	10,976	218,532,160	19,910	7.30%
2010	10,976	218,532,160	19,910	11.90%
2011	12,052	281,185,212	23,331	12.00%
2012	12,052	281,185,212	23,331	12.10%
2013	12,052	282,235,107	23,331	12.60%

Source:

^a Population information provided by the 2000 census for 2004 through 2010 and the 2010 census for 2011 through 2013

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality estimated based upon the 2000 Census for 2004 through 2010 and 2010 census for the 2011 through 2013 published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development (prior year annual average).

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

Employer	2013			2002		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
County of Monmouth (Est)	900	1	a	990	1	a
Freehold Borough Board of Education	221	2	a	170	4	a
Nestle-Hills Coffee Company	219	3	a	350	2	a
Freehold Regional High School (Est)	197	4	a	174	3	a
Freehold Racing Association (Est)	120	5	a	120	5	a
Freehold Borough - Municipality	101	6	a	100	6	a
	<u>1,758</u>		<u>a</u>	<u>1,904</u>		<u>a</u>

Source: Borough of Freehold

^a No authoritative source exists for Total Municipal Employment in the Borough.

OPERATING INFORMATION

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN (10) FISCAL YEARS

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction										
Regular	76.0	78.5	71.5	87.0	83.1	89.0	94.0	99.1	102.1	96.9
Special education	43.5	46.5	43.0	40.0	38.0	38.0	39.0	31.5	30.6	27.5
Other instruction	10.0	6.0	11.0	11.0	16.6	16.8	18.1	20.5	20.0	40.1
Support Services:										
Student & instruction related services	18.5	18.5	18.5	24.0	18.8	21.2	24.2	24.2	22.0	22.8
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	9.0	9.0	9.0	9.0	11.5	13.0	16.7	16.7	16.3	11.0
Central services	3.0	4.0	4.0	5.0	4.3	5.0	7.0	7.0	7.0	8.8
Plant operations and maintenance	9.5	13.0	12.0	11.0	11.0	12.0	12.0	12.0	12.0	11.0
Pupil transportation	1.5	2.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total	<u>173.0</u>	<u>180.0</u>	<u>174.0</u>	<u>192.0</u>	<u>188.3</u>	<u>200.0</u>	<u>216.0</u>	<u>216.0</u>	<u>215.0</u>	<u>223.1</u>

Source: District Personnel Records

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
OPERATING STATISTICS
LAST TEN (10) FISCAL YEARS**

Fiscal Year	Pupil/Teacher Ratio										
	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2004	1,379	14,083,167	10,213	17.23%	121.00	1:21	1:23	1364.0	1,304	25.49%	95.59%
2005	1,346	14,914,264	11,050	8.50%	121.00	1:22	1:24	1354.6	1,285	-0.69%	94.89%
2006	1,362	16,270,444	11,946	7.81%	116.00	1:24	1:26	1358.7	1,332	0.30%	96.00%
2007	1,377	17,702,312	12,856	7.62%	59.00	1:22	1:25	1366.6	1,298	0.89%	94.97%
2008	1,347	18,768,135	13,934	8.39%	63.00	1:20	1:24	1341.6	1,277	-1.26%	95.18%
2009	1,328	19,578,397	14,743	5.80%	69.00	1:18	1:23	1320.8	1,292	-1.55%	97.82%
2010	1,369	20,237,614	14,783	0.27%	68.00	1:19	1:23	1356.1	1,297	2.67%	95.63%
2011	1,428	21,736,564	15,243	3.11%	67.00	1:20	1:23	1406.5	1,347	3.72%	95.73%
2012	1,496	20,495,171	13,700	-10.12%	67.00	1:22	1:23	1475.2	1,411	4.88%	95.65%
2013	1,538	21,735,337	14,132	3.15%	76.00	5:02	4:04	1515.3	1,443	2.72%	95.23%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated classroom teaching staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per Pupil calculated using Total Enrollment ÷ Operating Expenditures. This is not intended to represent the statutory calculation of cost per pupil.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHOOL BUILDING INFORMATION
LAST TEN (10) FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>District Building</u>										
<u>Elementary School</u>										
Freehold Learning Center (1972, 1996 and 2001)	49,239	49,239	49,239	49,239	49,239	49,239	49,239	49,239	49,239	49,239
Square Footage	460	460	460	460	460	460	460	460	460	460
Functional Capacity	519	509	540	516	453	503	490	504	525	552
Enrollment										
<u>Elementary/Intermediate School</u>										
Park Avenue Complex (1957, 1962, 1969, 1996, 2001 and 2006)	97,810	97,810	97,810	97,810	97,810	97,810	97,810	97,810	97,810	97,810
Square Footage	660	660	660	660	660	660	660	660	660	660
Functional Capacity	860	839	822	829	829	809	865	906	953	949
Enrollment										
<u>Other</u>										
Central Administration	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164
Square Feet										

Number of Schools at June 30, 2013

Elementary = 1

Elementary/Intermediate = 1

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES
LAST TEN (10) FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

	* School Facilities Project # (s)	Freehold Learning Center	Park Avenue Complex	Total
2004	N/A	\$ 15,337	\$ 43,432	\$ 58,769
2005	N/A	22,490	69,912	92,402
2006	N/A	23,741	29,101	52,842
2007	N/A	16,797	31,194	47,991
2008	N/A	24,874	36,124	60,998
2009	N/A	34,205	68,821	103,026
2010	N/A	88,602	178,272	266,874
2011	1640-060-09-0ZUZ	78,972	158,895	237,867
2012	N/A	56,584	113,850	170,434
2013	N/A	46,493	92,293	138,786
Total School Facilities		\$ 487,902	\$ 982,310	\$ 1,470,212

* School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
INSURANCE SCHEDULE
JUNE 30, 2013
UNAUDITED

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Utica:		
Property - Blanket Building and Contents	\$ 28,617,348.00	\$ 1,000.00
Employee Benefits Coverage	1,000,000.00	1,000.00
General Liability Coverage:		
Limit of Liability - Aggregate	3,000,000.00	
Products - Completed Operations	3,000,000.00	
Personal and Advertising Liability	1,000,000.00	
Fire Damage	1,000,000.00	
Premises Medical Payments	10,000.00	
Inland Marine		
Misc. Articles Floater:		
Valuable Papers and Records	100,000.00	100.00
Cameras	50,000.00	250.00
Musical Instruments	500,000.00	250.00
Mobile Equipment	500,000.00	250.00
Electronic Data Processing:		
Hardware	400,000.00	250.00
Software	425,000.00	250.00
Extra Expense	50,000.00	
Automobile Coverage:		
Liability	1,000,000.00	
Medical Payments	10,000.00	
Uninsured/Underinsured Motorist	1,000,000.00	
Commercial Crime:		
Employee Dishonesty Blanket	100,000.00	

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
INSURANCE SCHEDULE
JUNE 30, 2013
UNAUDITED
(CONTINUED)

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
Commercial Umbrella Policy	\$ 5,000,000.00	\$ 10,000.00
Educators Legal Liability Policy	2,000,000.00	5,000.00
Boiler & Machinery - Hartford Steam Boiler - Limit for Accident	28,640,019.00	1,000.00
Workers Compensation and Employers Liability Insurance Policy - New Jersey School Board Association Insurance Group (MOCSSIF)		
Each accident	2,000,000.00	
Each employee	2,000,000.00	
Aggregate	2,000,000.00	
Volunteer Accident Policy - Peoples Benefit/Bollinger	25,000.00	
Student Accident for All Students Including Interscholastic Athletics Except Football	1,000,000.00	
Public Official Bonds - Selective Way Insurance Company:		
Bruce Rodman - Treasurer	200,000.00	
James H. Strimple, Jr. - Interim School Business Administrator/Board Secretary	100,000.00	
Patricia Saxton - Accountant	25,000.00	

Source: District records.

SINGLE AUDIT SECTION

SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR
NEWARK, N.J. 07102-4543
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, N.J. 07728-2291
PHONE (732) 780-2600
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Exhibit K-1
Sheet 1 of 2

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

Honorable President and Members
of the Board of Education
Borough of Freehold Board of Education
County of Monmouth, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance Department, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Freehold Board of Education, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Borough of Freehold Board of Education's basic financial statements, and have issued our report thereon dated November 22, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Freehold Borough School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Freehold Borough School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

Compliance and Other Matters

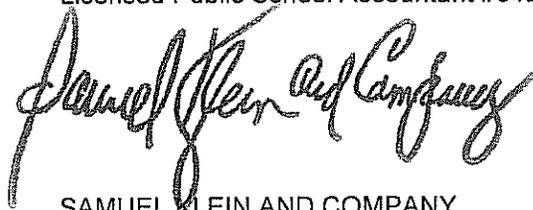
As part of obtaining reasonable assurance about whether the Board of Education of the Borough of Freehold School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
November 22, 2013

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Borough of Freehold Board of Education
County of Monmouth, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Freehold Board of Education's compliance with the types of compliance requirements described in *the OMB Circular A-133 Compliance Supplement* and *New Jersey State Aid/Grant Compliance supplement* that could have a direct and material effect on each of District's major federal and state programs for the year ended June 30, 2013. The Borough of Freehold School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Freehold Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *New Jersey State Aid/Grant Compliance Supplement*. Those standards, OMB Circular A-133 and *New Jersey State Aid/Grant Compliance Supplement* require that we plan and perform the audit to obtain reasonable assurance about whether on compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Borough of Freehold Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
(CONTINUED)

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Borough of Freehold Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Freehold Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the Borough of Freehold Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Freehold Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey State Aid/Grant Compliance Supplement, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Freehold Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non compliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
(CONTINUED)**

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and State
Financial Assistance Required by NJOMB 04-04

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Freehold Borough School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 22, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and NJOMB 04-04 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purposes.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

November 22, 2013
Freehold, New Jersey

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Grant Period From To	Award Amount	Balance, June 30, 2012		Walkover/ (Carryover) Amount	Adjustment	Cash Received	Budgetary (Expenditures)	Reimburd to Grantor	Deferred Revenue	Balance, June 30, 2013	
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor							Deferred Revenue (Accounts Receivable)	Due to Grantor
General Fund:													
Medical Assistance Program	93.778	7/1/2012 - 6/30/2013	\$ 74,716.02				\$	74,716.02	(74,716.02)			\$	(787.00)
Education Jobs Fund	84.410	9/1/2012 - 8/31/2013	787.00									\$	(787.00)
							\$	74,716.02	(75,503.02)			\$	(787.00)
U.S. Department of Agriculture													
Passed - Through State Department of Education:													
Enterprise Fund:													
Food Distribution Program	10.550	7/1/2011 - 6/30/2012	\$ 58,702.68	\$ 2,021.43				\$	(2,021.43)		\$ 5,673.46		
Food Distribution Program	10.550	7/1/2012 - 6/30/2013	44,394.07				\$	44,394.07	(38,720.61)				
School Breakfast Program	10.553	7/1/2011 - 6/30/2012	95,839.95	(19,357.65)				19,357.65					
School Breakfast Program	10.553	7/1/2012 - 6/30/2013	120,406.85					109,459.66	(120,406.85)			\$	(10,947.19)
National School Lunch Program	10.555	7/1/2011 - 6/30/2012	410,830.20	(22,999.64)				22,999.64					
National School Lunch Program	10.555	7/1/2012 - 6/30/2013	481,333.94					439,931.04	(481,333.94)				(41,402.90)
After School Snack Program	10.558	7/1/2011 - 6/30/2012	33,669.12	(774.44)				774.44					
After School Snack Program	10.558	7/1/2012 - 6/30/2013	31,765.50					30,144.66	(31,765.50)				(1,620.84)
Fresh Fruit and Vegetable Program	10.582	7/1/2011 - 6/30/2012	55,345.94	(2,916.47)				2,916.47					
							\$	689,977.63	(674,248.33)		\$ 5,673.46	\$	(63,970.93)
Total Enterprise Fund													

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Grant Period From To	Award Amount	Balance, June 30, 2012		Cash Received	Budgetary (Expenditures)	Refunded to Grantor	Deferred Revenue	Balance, June 30, 2013 (Accounts Receivable)	Due to Grantor
				Deferred Revenue/ (Accounts Receivable)	Walkover/ (Carryover) Amount						
U.S. Department of Education											
Passed - Through State Department of Education:											
Special Revenue Fund:											
Title I	84.010A	9/1/2011 - 8/31/2012	\$ 1,034,415.00	\$ (147,992.83)	\$	\$ 86,536.81	\$ (352,257.98)	\$ (152.80)	\$	\$ (108,220.01)	\$ 574.90
Title I	84.010A	9/1/2012 - 8/31/2013	1,042,016.00	(47,097.10)		651,474.00	(673,157.20)				
ARRA Title I	84.399A	9/1/2010 - 8/31/2011	497,735.00	(11,260.88)		47,772.00					
Title I, School Improvement Carryover	84.010A	9/1/2008 - 8/31/2009	118,315.00								
Title I, School Improvement Carryover	84.010A	9/1/2009 - 8/31/2010	46,052.00		\$ 152.80						
Title I, School Improvement	84.010A	9/1/2010 - 8/31/2011	40,000.00	(25,403.12)		27,369.00					
Title II, Part A Carryover	84.281A	9/1/2011 - 8/31/2012	46,448.00	(10,466.75)		10,993.00	(16,673.87)			(8,474.77)	
Title II, Part A	84.281A	9/1/2012 - 8/31/2013	96,274.00				(55,241.15)				
Title III, Part A Carryover	84.365A	9/1/2011 - 8/31/2012	59,550.00	(11,267.46)		62,904.00	(27,967.06)			(6,282.21)	
Title III, Part A	84.365A	9/1/2012 - 8/31/2013	57,115.00			35,748.00	(46,201.67)				
I.D.E.A. Part B Carryover	84.027A	9/1/2011 - 8/31/2012	402,218.00	(16,872.94)		39,839.00	(40,504.17)			(91,746.54)	
I.D.E.A. Part B	84.027A	9/1/2012 - 8/31/2013	424,152.00			323,673.00	(397,881.43)				
I.D.E.A. Preschool	84.173	9/1/2012 - 8/31/2013	19,077.00			19,077.00	(19,077.00)				
IDEAL Literacy with Disabilities	84.027A	7/1/2009 - 6/30/2010	60,548.00		344.67			(344.67)			
21st Century CLC Program	84.287C	7/1/2010 - 6/30/2011	535,000.00	(39,311.24)		116,621.00	(77,299.70)				
21st Century CLC Program Carryover	84.287C	7/1/2011 - 6/30/2012	535,000.00	(13,270.22)		39,818.00	(26,547.26)			(41,530.16)	
21st Century CLC Program	84.287C	7/1/2012 - 6/30/2013	535,000.00			429,789.00	(471,319.16)			(11,103.05)	
21st Century CLC IDEA	84.287C	7/1/2012 - 6/30/2013	34,482.00			10,563.00	(21,666.05)				
Include Grant Carryover	84.318X	7/1/2008 - 6/20/2009	226,000.00			17,500.00	(23,463.50)			(5,963.50)	
Race To The Top	84.413a	9/1/2012 - 9/30/2013	87,954.00		2,237.10			(2,237.10)			
Education Jobs Fund	84.410A	9/1/2012 - 8/31/2013	66,000.00			27,918.00	(42,852.00)			(14,934.00)	
Total Special Revenue Fund				\$ (322,932.56)	\$ 2,734.57	\$ 9,284.42	\$ (2,192,129.20)	\$ (2,734.57)	\$ 5,673.46	\$ (288,274.24)	\$ 674.90
Total Federal Financial Assistance				\$ (355,959.33)	\$ 2,734.57	\$ 9,284.42	\$ (2,941,860.55)	\$ (2,734.57)	\$ 5,673.46	\$ (343,032.17)	\$ 674.90

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

State Grantor/ Program Title	Grant or State Project Number	Grant Period From To	Award Amount	June 30, 2012		Balance, June 30, 2013		MEMO Cumulative Total Expenditures
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Repayment of Prior Years' Balance	Deferred Revenue (Accounts Receivable)	
State Department of Education:								
General Fund:								
Categorical Special Education Aid	13-495-034-5120-089	7/1/2012 - 6/30/2013	\$ 811,158.00	\$	\$ 811,158.00	\$	\$	\$ 811,158.00
Equalization Aid	13-495-034-5120-078	7/1/2012 - 6/30/2013	8,141,564.00		8,141,564.00			8,141,564.00
Categorical Security Aid	13-495-034-5120-084	7/1/2012 - 6/30/2013	180,720.00		180,720.00			180,720.00
Transportation Aid	13-495-034-5120-014	7/1/2012 - 6/30/2013	42,746.00		42,746.00			42,746.00
Extraordinary Aid	12-100-034-5120-473	7/1/2011 - 6/30/2012	136,020.00	\$ (136,020.00)	\$	\$ (175,376.00)		136,020.00
Extraordinary Aid	13-100-034-5120-473	7/1/2012 - 6/30/2013	175,376.00					
Nonpublic Transportation Aid	12-495-034-5120-014	7/1/2011 - 6/30/2012	859.43	(859.43)				859.43
Nonpublic Transportation Aid	13-495-034-5120-014	7/1/2012 - 6/30/2013	1,369.40			(1,369.40)		
Reimbursed T.P.A.F. Social Security Contributions (Non Budgeted)	13-495-034-5095-002	7/1/2012 - 6/30/2013	622,000.02			(30,819.60)		622,000.02
Total General Fund				\$ (136,879.43)	\$ 9,904,247.85	\$ (9,935,087.45)	\$ (207,565.00)	\$ 9,935,087.45
Special Revenue Fund:								
N.J. Nonpublic Aid:								
Textbook Aid	13-100-034-5120-064	7/1/2012 - 6/30/2013	\$ 17,384.00	\$	\$ 17,384.00	\$	\$	\$ 19.00
Nursing Services	12-100-034-5120-064	7/1/2011 - 6/30/2012	17,450.00	\$ 63.18		(63.18)		
Nursing Services	13-100-034-5120-070	7/1/2012 - 6/30/2013	24,129.00		24,129.00	(23,653.21)		475.79
Nursing Services	12-100-034-5120-070	7/1/2011 - 6/30/2012	24,926.00	14.83		(14.83)		
Technology	13-100-034-5120-373	7/1/2012 - 6/30/2013	6,416.00		6,416.00	(6,408.44)		7.56
Auxiliary Services:								
Compensatory Education	13-100-034-5120-057	7/1/2012 - 6/30/2013	28,176.00		28,176.00	(28,176.00)		
Compensatory Education	12-100-034-5120-067	7/1/2011 - 6/30/2012	18,597.00	7,755.14		(7,755.14)		
Transportation	13-100-034-5120-056	7/1/2012 - 6/30/2013	5,860.00		5,860.00	(5,860.00)		
Handicapped Services:								
Supplemental Instruction	13-100-034-5120-066	7/1/2012 - 6/30/2013	4,996.00		4,996.00	(4,649.00)		347.00
Supplemental Instruction	12-100-034-5120-066	7/1/2011 - 6/30/2012	7,717.00	4,910.82		(4,910.82)		
Examination and Classification	13-100-034-5120-066	7/1/2012 - 6/30/2013	18,950.00		18,950.00	(18,950.00)		
Examination and Classification	12-100-034-5120-066	7/1/2011 - 6/30/2012	18,680.00	3,866.42		(3,866.42)		
Corrective Speech	13-100-034-5120-066	7/1/2012 - 6/30/2013	28,123.00		28,123.00	(24,998.22)		3,124.78
Corrective Speech	12-100-034-5120-066	7/1/2011 - 6/30/2012	35,543.00	3,159.38		(3,159.38)		
Other:								
Leads Grant	08-100-034-5063-288	7/1/2008 - 6/30/2009	15,600.00	6,267.94				6,267.94
Preschool Education Aid	13-485-034-5120-086	7/1/2012 - 6/30/2013	146,338.00		131,740.00	(14,598.00)		146,338.00
Preschool Education Aid	12-485-034-5120-086	7/1/2011 - 6/30/2012	264,565.00	\$ (28,456.50)	26,456.50			
Preschool Education Aid	11-495-034-5120-086	7/1/2010 - 6/30/2011	377,950.00	2,000.00		(2,000.00)		2,000.00
Total Special Revenue Fund				\$ (24,456.50)	\$ 26,037.71	\$ (278,417.87)	\$ (19,789.77)	\$ 10,242.07

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

State Grantor/ Program Title	Grant or State Project Number	Grant Period From To	Award Amount	June 30, 2012		Cash Received	Budgetary (Expenditures)	Repayment of Prior Years Balance	Balance, June 30, 2013		MEMO Cumulative Total Expenditures
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor				Deferred Revenue (Accounts Receivable)	Due to Grantor	
Debt Service Fund:											
Debt Service Support	13-100-034-5120-075	7/1/2012 - 6/30/2013	\$ 141,272.00	\$	\$	\$ 141,272.00	\$ (141,272.00)	\$	\$	\$	\$ 141,272.00
Total Debt Service Fund			\$ 141,272.00	\$	\$	\$ 141,272.00	\$ (141,272.00)	\$	\$	\$	\$ 141,272.00
Enterprise Fund:											
National School Breakfast											
Program (State Share)	12-100-010-3350-021	7/1/2011 - 6/30/2012	\$ 9,599.48	\$ (524.52)	\$	\$ 524.52	\$	\$	\$	\$	\$
National School Lunch Program (State Share)	13-100-010-3350-023	7/1/2012 - 6/30/2013	\$ 9,898.12	\$ (624.52)	\$	\$ 9,037.40	\$ (9,898.12)	\$	\$ (860.72)	\$	\$ 9,898.12
Total Enterprise Fund			\$ 19,497.60	\$ (1,149.04)	\$	\$ 9,561.92	\$ (9,898.12)	\$	\$ (860.72)	\$	\$ 9,898.12
NJ Economic Development Authority:											
Capital Projects Fund:											
Freehold Learning Center	SP201844	7/1/2001 - 6/30/2007	\$ 501,884.00	\$ (46,865.47)	\$	\$ 46,865.47	\$	\$	\$	\$	\$
Park Ave. Elementary School	SP201845	7/1/2001 - 6/30/2007	\$ 1,966,436.00	\$ (284,051.72)	\$	\$ 284,051.72	\$	\$	\$	\$	\$
Total Capital Projects Fund			\$ 2,468,320.00	\$ (730,917.19)	\$	\$ 330,917.19	\$	\$	\$	\$	\$
Total State Financial Assistance			\$ 25,037.71	\$ (492,777.64)	\$	\$ 10,670,249.46	\$ (10,364,655.44)	\$ (19,769.77)	\$ (223,023.72)	\$	\$ 10,234,575.57

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2013

1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Borough of Freehold School District. The Board of Education is defined in Note 1 (A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules or expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations* and NJ OMB 04-04. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two (2) state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2013

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$46,755.00 for the General Fund and an increase of \$13,597.01 for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 75,503.02	\$ 11,140,204.42	\$ 11,215,707.44
Special Revenue Fund	2,215,031.82	290,306.37	2,505,338.19
Debt Service Fund		141,272.00	141,272.00
Food Service Fund	<u>677,900.36</u>	<u>9,898.12</u>	<u>687,798.48</u>
	<u>\$ 2,968,435.20</u>	<u>\$ 11,581,680.91</u>	<u>\$ 14,550,116.11</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no loans outstanding payable to federal or state entities at June 30, 2013.

6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Pension Contribution and Post Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on-behalf of the District. These expenditures are not subject to New Jersey OMB Circular 04-04 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included on the Schedule of State Awards, as directed by the funding agency.

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified, dated
November 22, 2013

Internal control over financial reporting:

1. Material weakness(es) identified? _____ yes x no
2. Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes x none reported
- Noncompliance material to basic financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

1. Material weakness(es) identified? _____ yes x no
2. Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: Unmodified, dated
November 22, 2013

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes x no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010A</u>	<u>Title I, Part A</u>
<u>84.027A</u>	<u>IDEA, Part B</u>
<u>84.287A</u>	<u>21st Century CLC Program</u>
<u>10.553,10.555 and 10.558</u>	<u>Child Nutrition Project Cluster</u>
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.00

Auditee qualified as low-risk auditee? X yes _____ no

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results (Continued)

State Financial Assistance

Internal control over major programs:

1. Material weakness(es) identified? _____ yes x no
2. Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: Unmodified, dated
November 22, 2013

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? _____ yes x no

Identification of major programs:

<u>GMIS Number</u>	<u>Name of State Program or Cluster</u>
<u>13-495-034-5095-002</u>	<u>Reimbursed TPAF SSC</u>
<u>13-495-034-5120-089</u>	<u>Categorical Special Ed Aid</u>
<u>13-495-034-5120-078</u>	<u>Equalization Aid</u>
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B programs: \$310,939.00

Auditee qualified as low-risk auditee? X yes _____ no

Section II - Schedule of Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

Section III - Schedule of State Financial Assistance Findings and Questioned Costs

No federal or state award findings or questioned costs noted that are required to be reported in accordance with OMB Circular A-133 or NJ OMB 04-04.

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
YEAR ENDED JUNE 30, 2013

FOR THE YEAR ENDED JUNE 30, 2012:

There were no findings for the year ended June 30, 2012.